

STATEMENT OF INTENT

2013–2016



SAFE SECURE CLEAN



Maritime New Zealand Nō te rere moana Aotearoa

Nō te rere moana Aotearoa now accompanies te manaia – the guardian – in our logo. Together, they reflect our role as the caretaker of New Zealand's flowing waters. They underpin our mandate to make life at sea safer; to protect the maritime environment from pollution and safeguard it for future generations; to ensure New Zealand ports and ships are secure; and to provide a search and rescue response service in one of the largest search and rescue areas in the world.

Maritime New Zealand's foundations are its vision, mission and values.

Our vision

A vibrant, viable maritime community that works and plays safely and securely on clean waters.

Our mission

Working together to provide inspirational leadership, guidance and support to the maritime community.

Our values

Integrity | Commitment | Respect

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Foreword from the Authority

Maritime New Zealand's vision is for 'a vibrant, viable maritime community that works and plays safely and securely on clean waters'. This Statement of Intent lays out the key things that we intend to do over the next three years to move closer to achieving this vision. It also establishes parameters for the 'business as usual' activities that are vital to the operation of our national maritime system.

The programme of work has been shaped by the Government's transport policies and guidance provided by the Minister of Transport. In line with this, our strategic direction is largely a continuation of where we have been heading for the past few years.

We believe it is important to acknowledge that the Ministerial Inquiry into Foreign Chartered Fishing Vessels, the Royal Commission on the Pike River Coal Mine Tragedy and the Report of the Independent Taskforce on Workplace Health and Safety have had a significant influence on the content and, in some key areas, on the focus of Maritime New Zealand's programme of work.

The implementation of MOSS, the Maritime Operator Safety System, and SeaCert, the Seafarer Certification project, will provide New Zealand with the critical elements for a 21st century regulatory framework. If we are to leverage off the opportunities these will provide to achieve a broad range of safety improvements, then we need to ensure that Maritime New Zealand has the capabilities, capacity and resources that are required.

We are sensitive to the need to get the balance absolutely right between being effective and doing so in an efficient way. Consequently, the Statement of Intent sets out a number of initiatives aimed at ensuring that we are able to deliver value for money – and able to do so over the longer term.

Much of the work plan is focused on improving and enabling Maritime New Zealand's performance in its regulatory role. However, we also need to ensure that the operational response elements of the organisation – the Rescue Coordination Centre New Zealand and the Marine Pollution Response Service – are at the right level of capability, and that any changes resulting from lessons learned in previous incidents, including the Rena grounding, are implemented.

Maritime New Zealand cannot do what it needs to do without having effective relationships with a large number of other agencies and organisations – in New Zealand and overseas – and across government and industry. In recognition of this, we will continue to work to improve our collaboration and consultation with those who are vital to our success.

All of the work in this Statement of Intent is important over the next few years in getting Maritime New Zealand to a position where it is well set up to achieve its safety, security, environmental and economic outcomes. It will be a challenge to deliver on it in full. Nevertheless, we believe it is important for New Zealand and New Zealanders that we do this, and we are confident that Maritime New Zealand's people will give of their very best to do so.



David Ledson
Chairman, Maritime New Zealand

PART A

INTRODUCTION

What we do

Maritime New Zealand's foundations

Maritime New Zealand's foundations are its vision, mission and values.

Vision

A vibrant, viable maritime community that works and plays safely and securely on clean waters.

Mission

Working together to provide inspirational leadership, guidance and support to the maritime community.

The vision and mission form the cornerstone of Maritime New Zealand's strategic intent and provide guidance in the development of our outcome framework. They are aligned with the Maritime New Zealand Authority objective, as set out in section 430 of the Maritime Transport Act 1994:

To undertake its safety, security, marine protection and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system.

Values

Our success as an organisation depends on the commitment, performance and attitudes of all those who work for Maritime New Zealand. To achieve this, Maritime New Zealand's culture is shaped by the following values:

Integrity

- We are honest, ethical and trustworthy.
- We are fair and objective.
- We maintain confidentiality.
- We demonstrate moral courage – engaging in the difficult conversations and making the hard decisions.

Commitment

- We think about Maritime New Zealand as a whole.
- We support the purpose, goals and values of the organisation.
- We support others in Maritime New Zealand to succeed.
- We take personal responsibility for our own behaviour, and expect others to take responsibility for theirs.

Respect

- We treat everyone fairly and courteously.
- We listen to others and act on the information received.
- We value the different skills, experience and world views each one of us brings to our work.
- We role model the belief that **how** we do things is important not just **what** we do.
- We share information and help others in Maritime New Zealand to do well.

Purpose and functions

Maritime New Zealand was established as a Crown Entity under the Crown Entities Act 2004. Governance is exercised by the Authority – a five-member board appointed by the Minister of Transport. The Authority's objective is set out in section 430 of the Maritime Transport Act 1994, as outlined above.

Details of Maritime New Zealand's statutory functions, including the independent statutory functions of the Director, are contained in Appendix 2.

Why Maritime New Zealand's work is important

Maritime New Zealand's work is vital in ensuring New Zealand's commercial and recreational vessels operate safely and that the national maritime transport system is effective and efficient. Although a small organisation, its responsibilities extend over a vast geographical area and across a large and diverse range of maritime, environmental and search and rescue activities – and affect a large number of people.

There are five key roles that define the services Maritime New Zealand provides to the maritime sector, and these are outlined below. A full summary of the key functions and activities that Maritime New Zealand undertakes and the maritime sectors for which they are provided, is detailed on page 11.

Maritime safety and marine protection

Maritime New Zealand is responsible for making sure the thousands of vessels in New Zealand waters are operated safely and securely, and meet maritime standards. The vast majority of New Zealand's imports and exports are transported by sea. Maritime New Zealand works to ensure that the hundreds of foreign vessels visiting this country each year comply with the safety and environmental protection conventions set under international law through the International Maritime Organization.

Maritime New Zealand also provides comprehensive maritime distress and safety communications and aids to navigation services that improve safety, enable warnings and information to be broadcast to mariners and allow distress alerts to be received and acted upon.

One of the ways that Maritime New Zealand checks that regulatory requirements are being met is through its investigations of maritime incidents and accidents. Should the investigation demonstrate that requirements are not being met Maritime New Zealand will take appropriate action (which may involve informing, educating, or taking legal action) to support future compliance and, where appropriate, hold people to account. Investigations also allow lessons learned to be used in safety campaigns and to help prioritise resources and identify areas requiring safety improvements. Among its other safety responsibilities, Maritime New Zealand promotes safe recreational boating.

While supporting maritime safety in the New Zealand environment, Maritime New Zealand also contributes to the development of maritime safety in the South Pacific. Funded by the Ministry of Foreign Affairs and Trade, Maritime New Zealand provides technical expertise to support the development of maritime safety initiatives in the South Pacific region.

Maritime New Zealand is also the agency designated to administer the provisions of the Health and Safety in Employment Act and the Hazardous Substances and New Organisms Act for work on board ships and ships as places of work. This includes not only seafarers on New Zealand ships, but also those who may board a ship in a working capacity, such as pilots, ships' agents, stevedores, surveyors and contractors. Maritime New Zealand's Health and Safety Act responsibilities also extend to operations undertaken in the adventure and outdoor commercial sector.

Hundreds of thousands of New Zealanders and visitors to New Zealand work and play on the water, in a wide variety of operations and activities. This key role for Maritime New Zealand is not confined to the safety of vessels and the people who work and travel on those vessels. It also requires Maritime

New Zealand to ensure that maritime activities have minimal impact on New Zealand's pristine marine environment, which is a vital part of our tourism industry.

Maritime security

Maritime New Zealand monitors the security provided by port operators and undertakes the security profiling of vessels as required by the Maritime Security Act, which gives effect to the International Ship and Port Facility Security Code. It also gathers, assesses and exchanges, as appropriate, information about security threats to New Zealand's maritime interests.

Search and rescue coordination

New Zealand's search and rescue region is one of the largest in the world, covering more than 30 million square kilometres and extending from the Pacific Islands to Antarctica and halfway to Chile and Australia. The Rescue Coordination Centre New Zealand provides a round-the-clock response for all notified distress alerts within this region, covering sea, air and land operations needing to be managed at a national level and any operations initiated by emergency distress beacons.¹

Marine pollution response

Almost 10 million tonnes of oil is transported around New Zealand's pristine coastline by oil tankers every year. Maritime New Zealand operates the Marine Pollution Response Service, whose oil spill response experts are able to respond to significant oil spills in New Zealand and overseas, if required. These specialists maintain the National Marine Oil Spill Contingency Plan and manage the national stockpile of oil spill response equipment. They also conduct oil spill exercises and training for regional responders who are tasked with the responsibility for dealing with smaller oil spills.

International obligations

Maritime New Zealand administers the Crown's obligations under international maritime and marine environment protection agreements and treaties, as agreed with the Minister, by representing New Zealand's interests at the International Maritime Organization.

As an island-nation distant from international markets, New Zealand is highly dependent on safe, efficient and quality shipping. Close to 99 percent of New Zealand's freight is transported by sea. International rule-making facilitates this trade through regulating the global shipping industry. It provides predictability and certainty in the transportation of sea freight across multiple jurisdictions, enabling us to get products to market, efficiently and safely. International standards also protect our marine environment and enhance the safety of mariners and passengers.

The International Maritime Organization is the United Nations organisation with the clear responsibility for international maritime standards and rules, and has near-universal membership. As a maritime nation, dependent on quality shipping for our economic prosperity, New Zealand's continued membership of the International Maritime Organization and its conventions is a 'given'.

Approximately 34 international conventions that apply to maritime safety, security and marine protection matters have been adopted by New Zealand. Numerous other conventions have direct economic, safety and environmental impacts on New Zealand. Timely adoption and maintenance of these conventions in domestic law is important to manage significant safety, environmental and economic interests.

¹ The Rescue Coordination Centre New Zealand operates and maintains the ground-based equipment that forms part of the international satellite system. This system detects and locates emergency distress beacons when activated and alerts search and rescue authorities. The Rescue Coordination Centre also maintains a database for New Zealand-registered distress beacons.

Balancing effectiveness and efficiency

As a maritime safety regulator, Maritime New Zealand has an obligation to achieve an appropriate balance between regulatory effectiveness and regulatory efficiency. Getting this balance right is critical, as witnessed by recent recommendations that came out of both the Pike River Commission of Inquiry and the Health and Safety Taskforce.

While the Value for Money Review undertaken by Ernst and Young in 2010 came to the overall conclusion that Maritime New Zealand does deliver value for money, we will continue to give high priority to both the effectiveness and efficiency of our regulatory operations, while at the same time ensuring that regulatory safety standards are maintained.

Effectiveness initiatives

Maritime New Zealand is focused on improving the effectiveness of the regulatory system, in order to deliver improved safety, security and environmental outcomes. Key effectiveness initiatives that Maritime New Zealand intends to deliver over the next three financial years include:

- implementation of a new Seafarer Certification Framework (SeaCert) that meets the needs of industry, is easy to understand and administer, and aligns with international standards to ensure portability of qualifications
- implementation of a new, more robust safety framework – the Maritime Operator Safety System (MOSS) – to improve safety outcomes by strengthening surveyor standards and requiring domestic commercial operators to develop operational safety systems and be responsible for their application
- a focused compliance strategy incorporating an appropriate mix of information, education, advice and enforcement activity that encourages the maritime industry and recreational ‘boaties’ to take responsibility for their own actions and decisions.

Efficiency initiatives

Maritime New Zealand will increasingly look to make more use of technology to improve business processes and reduce costs to the maritime industry. In addition, through a strengthened financial management structure, better information management and shared services with other government agencies, Maritime New Zealand will look for opportunities to continue reducing corporate operating costs, and to align its resources and people with areas where they can achieve the greatest impact.

Key efficiency initiatives that Maritime New Zealand intends to deliver over the next three financial years include:

- delivering more online services and reduced costs for our stakeholders
- improving operational efficiency through a focus on the way we collect, collate, analyse and use information to direct our policy, operational and performance measurement activities
- identifying and implementing opportunities for sharing transport sector services
- identifying and implementing opportunities to embrace functional leadership initiatives across the government sector
- re-engineering organisational processes to ensure regulatory activities are delivered in an efficient manner.

Working constructively with industry

Maritime New Zealand's mission statement makes it clear that we will work constructively with the maritime industry. This means focusing on what we have in common and working together effectively to achieve a safe, secure and clean maritime environment – at reasonable cost. Maritime New Zealand must adapt quickly to the changing environment (especially in the adventure tourism sector) and implement relevant standards within the industry in a timely manner.

Maritime New Zealand will continue to work with industry on finalising and implementing a new Seafarer Certification Framework to provide New Zealand seafarers with relevant, appropriate and modern qualifications. The introduction of the new Maritime Operator Safety System will deliver better safety outcomes by ensuring New Zealand has a more robust safety framework for domestic commercial vessels that is simpler for operators to follow and provides for greater regulatory oversight.

Better public services and Crown entities

The Government's Better Public Services Programme of reform is based on four themes that are relevant to Crown entities in delivering improved services for the benefit of all New Zealanders:

1. A shift in focus from individual agency performance to cross-agency performance in working on cross-cutting issues
2. A shift in the focus of attention from outputs to performance results
3. More emphasis on sectorial and functional leadership
4. Performance information to be more relevant and useful.

Maritime New Zealand already operates within and across sectors, and with a wide range of stakeholders. Maritime New Zealand's challenge is to provide leadership on multi-agency issues related to its functions, to ensure cooperative approaches and the most effective targeting of resources to deliver better results for New Zealand.

MARITIME NEW ZEALAND SECTORS, FUNCTIONS AND ACTIVITIES

FUNCTIONS AND ACTIVITIES	COMMERCIAL										OTHER							
	International operators		NZ SOLAS operators		Domestic operators				Outdoor & adventure activities			Seafarers	Recreational boating					
Maritime New Zealand Functions and Activities	Cargo	Cruise	Interisland passenger / freight ferries	Coastal traders, tankers and research vessels	Fishing	Passenger	Non-passenger	While-water rafting	Commercial jet boating	River boating	Kayaking	Seafarers	All activities	Port & harbour	Offshore oil & gas industry	Pacific Islands	Royal New Zealand Navy	
Fatalities: 2011/12	764 ships	34 ships	4 ferries	2 tankers	1,181 vessels	1,369 vessels	776 vessels	41 operators	34 operators	7 operators	150+ operators	11 training institutions	500,000 boats	14 ports	2 FPSOs			
Serious harm injuries: 2011/12	70 oil tankers	124 voyages	1 UK-flagged crossings	1 coastal bunker barge	277 rafts	5 million passengers	80,000 participants	277 rafts	114 jet boats	15,700 participants	100,000 participants	52 medical practitioners	33 pilotage areas	12,000 piloted movements	1 well head			
Advise Minister on technical maritime safety policy	2,537 voyages	747 port visits	1M passengers	5 coastal traders	1 dredger	1 research vessel		80,000 participants	310,000 participants			18 optometrists	4 gas platforms	19 Harbour Safety Mgmt systems	2 drilling rigs			
Administer the international obligations of the Crown	11.4m tonnes of oil	137,000 passengers	1 research vessel	1 research vessel	12	1						21,000 active seafarers						
Promote maritime safety, security and marine environment protection compliance	10		29	40	7			13	16									Provided to MFAT as per IMO
Provide information, advice and foster information and education programmes	As required, through briefing papers, regular meetings, quarterly reports, annual report (including marine environment protection) and Statement of Intent																	
Develop and maintain maritime safety and marine protection rules	IMO participation: New Zealand is a signatory to 24 IMO & ILO conventions, plus 10 IMO conventions relating to marine environment protection																	
Exercise entry control through the granting of maritime documents and marine protection documents	Quarterly publications: <i>Safe Seas Clean Seas</i> , <i>Lookout!</i> and <i>The Good Oil</i> . Issue marine guidance notices and guidelines. Distributed 6,518 recreational safe boating packs																	
Issue exemptions	A wide variety of interactions including industry liaison meetings, 104 visits to State Operating Plan operators, liaison visits, attendance at 3 regional boat shows. Attend national & regional forums & seminars																	
Administer the Health and Safety Employment Act for work on board ships	36 maritime rules and 22 marine protection rules, including policy development																	
Maintain the New Zealand Register of Ships	1,318 certificates issued for Safe Ship Management & Safe Operating Plan vessels, 47 surveyor recognitions																	
License ships, their operation and their crew	225 exemptions processed																	
Investigate maritime transport accidents	471 vessel registration transactions																	
Enforcement action	317 health and safety education/liaison visits to Safe Ship Management operators. 112 statutory notifications received regarding serious harm																	
Monitor adherence to regulatory requirements through audit	45 reported accidents																	
Monitor adherence to regulatory requirements through inspections	23 reported accidents																	
Maritime security	9 prosecutions under Maritime Transport Act and Health and Safety in Employment Act																	
Provide aids to navigation	500 maritime document holders eligible to be audited, covering 34 different maritime activities																	
Provide appropriate distress and safety radio communications systems	548 port state control inspections																	
Provide oil spill response and preparedness	1650 hours spent collecting and assessing intelligence on maritime security risks																	
Maintain/operate Rescue Coordination Centre	98 lighthouse / light beacons and 42 day beacons and buoys maintained outside harbour limits																	
	30 VHF and 2 HF radio network sites covering 98% of coastal waters & inland waterways to 30-50 miles offshore, monitored 24/7. HF & SatCom for NAV Area XIV covering 30 million sq km																	
	24/7 response to oil spills, plus 410 trained oil response personnel to respond to oil spills																	
	24/7 coordination of land, sea & air SAR services covering 30 million sq km, plus all distress beacon alerts, including some Pacific countries within New Zealand's SAR region; 404 distress beacon alerts; 689 category II SAR incidents																	
	24/7 response																	
	As requested																	
	24/7 response																	

Note: Information based on 2011/12 figures.

What we are setting out to achieve

Government expectations

The Government's overall goal is "a transport system that maximises economic and social benefits and minimises harm". Maritime New Zealand contributes to this goal through its regulatory and other activities aimed at maximising safe, secure and clean maritime outcomes, by promoting a safety culture and implementing effective safety systems, and by taking action to eliminate/minimise behaviours that are unsafe, pose threats to security or endanger the maritime environment.

In the development of this Statement of Intent, Maritime New Zealand has also taken account of the Government's overall transport goal as well as the priorities the Minister of Transport indicated in his 2013/14 Letter of Expectations. In summary these are:

- to progress and successfully implement the Maritime Operator Safety System and Seafarer Certification Framework reforms
- to manage the funding implications of these reforms successfully with industry and through government processes
- to ensure Maritime New Zealand is improving the performance of its regulatory regime and, in doing so, maintains its focus on lowering compliance costs
- to maintain and continue to improve relationships between the organisation and regulated parties
- to ensure sector resilience by being prepared to deal with any future transport emergencies.

Vision and outcomes

Maritime New Zealand's vision is for "a vibrant, viable maritime community that works and plays safely and securely on clean waters".

In support of this vision, Maritime New Zealand seeks to achieve the following outcomes:

- a maritime community that actively embraces a safety and security culture
- an efficient, effective and safe maritime transport system
- a marine environment that is pristine and protected.

The Outcome Framework (page 17) shows how these outcomes (described below) support the Government's transport outcomes and goals, and in turn how they are supported by the delivery of Maritime New Zealand's outputs.

Outcome 1: A maritime community that actively embraces a safety and security culture

Why this outcome is important

Having a safe and secure maritime environment contributes to the security and prosperity of New Zealand. With close to 99 percent of New Zealand's imports and exports (by volume) transported by sea, the international transport system must be able to operate without disruption. A secure supply chain that ensures all vessels visiting New Zealand ports and harbours comply with the International Ship and Port Facility Security Code is a vital component of the transport system.

The maritime sector makes a substantial positive impact on the New Zealand economy, with more than 3,300 small commercial vessels (including 1,100 fishing vessels and 1,450 passenger vessels carrying 5 million passengers) and an estimated 500,000 pleasure craft operating around New Zealand.²

Safety of passengers, crew and employees on ships as places of work (which includes adventure tourism operations) is paramount to Maritime New Zealand in administering and enforcing the provisions of the Health and Safety in Employment Act. Limited resources mean that Maritime New Zealand must work collaboratively with the maritime community to support approaches that maximise safety, security and environmental outcomes. It also necessitates a risk-based, intelligence-led approach in our regulatory work, to focus resources and people on activities to achieve the best safety, security and environmental outcomes.

Outcome 2: An efficient, effective and safe maritime transport system

Why this outcome is important

While the focus of Maritime New Zealand's work within the maritime transport system enables activity to happen safely, it must also be sensitive to the effect of its interventions on economic activity and on emerging opportunities. In addition, with an appropriate, flexible, durable and risk-based regulatory framework, it can in fact be an economic enabler, encouraging robust competition and stimulating greater economic activity. This outcome therefore enables commercial activities in the maritime transport system to be safe, innovative and sustainable.

Maritime New Zealand seeks to achieve the right balance between having interventions that are effective and the cost of those interventions to participants in the maritime industry.

Outcome 3: A marine environment that is pristine and protected

Why this outcome is important

Environment protection is first and foremost about 'regulating' activities in and on the water to prevent pollutants and waste from being deposited. This is done through discharge management plan approvals, dumping permit arrangements and industry standards relating to managing oil discharges.

The Maritime Transport Act 1994 requires Maritime New Zealand to ensure that New Zealand's marine environment is protected. An important facet of Maritime New Zealand's responsibilities relates to responding to oil pollution in the marine environment and providing a framework for the disposal of waste, ballast water, and hazardous and noxious substances at sea.

Pollution prevention is also an important part of Maritime New Zealand's responsibilities. To help achieve this outcome, we undertake research and analysis to provide technical policy and environmental advice to government that reflects international standards set by the International Maritime Organization, leading to the development of marine protection rules, codes of practice and industry guidelines.

Maritime New Zealand also undertakes hundreds of inspections of visiting foreign ships each year and, where appropriate, detains or imposes conditions on these vessels if they fail to meet the environmental protection standards that New Zealand is party to.

The challenge for Maritime New Zealand is to strike the right balance between fostering economic growth and at the same time ensuring that the marine environment is protected and New Zealand's 'clean green brand' is not compromised.

² This does not include the 117 commercial jet boats and 263 white-water rafts that carry an estimated 390,000 passengers on our inland waterways annually, generating significant tourism revenue.

Intermediate outcomes

To effectively monitor progress towards our outcomes, Maritime New Zealand has developed a performance monitoring framework linking organisational outputs (interventions) to intermediate outcomes (the desired 'end state' that can be directly influenced by the organisation) in order to monitor the effectiveness of our interventions over time.

Maritime New Zealand has three intermediate outcomes (IO) to provide more clarity around the relationship between Maritime New Zealand's outcomes and outputs:

1. An effective regulatory framework for New Zealand's maritime sector
2. Effective and efficient regulatory services
3. Effective and efficient maritime safety and environmental response services.

These three intermediate outcomes and associated impact measures are covered in more detail on pages 21 to 29. They will be monitored to assess whether they are useful in measuring the effectiveness of Maritime New Zealand's intervention strategies.

Shaping the future

For the last few years, Maritime New Zealand has embarked on a transformational programme of work to ensure that:

- the three elements of maritime safety – safe vessels, safe people and safe operating procedures – function effectively and efficiently
- the regulatory frameworks that support maritime safety are simple, easy to understand and administer, and are cost effective
- while delivering value for money, Maritime New Zealand has a sustainable source of funding to enable it to carry out its work
- internal capability enables an intelligence-led and evidence-based regulatory approach.

This programme is centred around four strategic projects:

1. **Seafarer Certification Framework (SeaCert)** – a new seafarer qualifications framework, incorporating revised operating limits, for the domestic commercial maritime industry.
2. **Maritime Operator Safety System (MOSS)** – a new regulatory safety framework for the domestic commercial maritime industry.
3. **Information Management** – a key support for the above three projects, with the goal of ensuring Maritime New Zealand develops an intelligence-led, evidence based approach. Systems will be adopted that facilitate information sharing and support a common view of our key processes, functions and interactions. The information management project will involve a comprehensive review of the information that Maritime New Zealand collects, collates and uses.
4. **Funding Review** – a comprehensive funding review to provide a sustainable funding base for Maritime New Zealand and to ensure that sources of funding are aligned to Maritime New Zealand's regulatory activities. (Now completed).

These projects are critical in ensuring that Maritime New Zealand's activities are appropriate for a modern safety and environmental protection regulator, are adequately resourced and achieve positive maritime safety, security and marine protection outcomes.

Collaboration with government agencies

To achieve its outcomes Maritime New Zealand must work collaboratively with other agencies – in particular to enable effective regulation to be developed, to share information in a way that enables the best decisions to be made, to manage responsibilities so that any 'responsibility gaps' can be closed and to implement business processes in a way that reduces business costs. For example:

- In health and safety, as the maritime health and safety regulator, Maritime New Zealand is now working closely with the other transport agencies and the Ministry of Business, Innovation and Employment to address some of the issues identified in the Health and Safety Taskforce report.
- Maritime New Zealand is working with regional councils to improve national oil pollution prevention and response capability and to address issues related to safety in ports and harbours.
- In respect of offshore oil and gas exploration, Maritime New Zealand is working closely with the Ministry of Business, Innovation and Employment and the Environmental Protection Authority to ensure these activities can be carried out safely.
- Maritime New Zealand is currently partnering with the five transport sector agencies to explore opportunities to deliver business support functions more efficiently than at present – as well as participating in all-of-government shared services initiatives.

Maritime New Zealand’s Outcome Framework

Transport sector overall goal
A transport system that maximises economic and social benefits and minimises harm

Transport sector long-term objectives

<p>Resilient: Meets future needs and endures shocks</p>	<p>Effective: Moves people and freight where they need to go in a timely manner</p>	<p>Efficient: Delivers the right infrastructure and services to the right level and the best cost</p>	<p>Safe and responsive: Reduces the harm arising from transport and preserves the environment</p>
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Maritime New Zealand’s outcomes

<p>Outcome 1: A maritime community that actively embraces a safety and security culture</p>	<p>Outcome 2: An efficient, effective and safe maritime transport system</p>	<p>Outcome 3: A marine environment that is pristine and protected</p>
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Maritime New Zealand’s intermediate outcomes

<p>An effective regulatory framework for New Zealand’s maritime sector</p>	<p>Effective and efficient regulatory services</p>	<p>Effective and efficient maritime safety and environmental response services</p>
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<p>Output class 1: Influencing the policy environment for the maritime sector</p> <p>Outputs:</p> <ul style="list-style-type: none"> • Policy advice • Reviews • Security and intelligence advice • Ministerial servicing 	<p>Output class 2: Maritime safety and marine protection services</p> <p>Outputs:</p> <ul style="list-style-type: none"> • Information and education • Entry controls • Monitoring and investigation • Enforcement • Distress and safety communication • Aids to navigation 	<p>Output class 3: Marine pollution response service</p> <p>Outputs:</p> <ul style="list-style-type: none"> • Marine pollution response capability 	<p>Output class 4: Search and rescue coordination services</p> <p>Outputs:</p> <ul style="list-style-type: none"> • Coordination of search and rescue operations • Management of New Zealand’s emergency distress beacon system 	<p>Output class 5: Response to the Tauranga maritime incident</p> <p>Outputs:</p> <ul style="list-style-type: none"> • <i>Rena</i> incident response
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Organisational health and capability
Continue to build capability and a one Maritime New Zealand culture, with increased emphasis on becoming a more responsive and results-driven organisation

Maritime New Zealand vision
To be a vibrant maritime community that works and plays safely and securely on clean waters

Relationship of intermediate outcomes to outputs

The table below provides a more detailed summary of Maritime New Zealand's output classes and associated outputs and their relationship to the three intermediate outcomes shown on the previous page.

Intermediate outcomes	Output classes	Outputs
1. An effective regulatory framework for New Zealand's maritime sector	1. Influencing the policy environment for the maritime sector	1.1 Development and provision of policy advice 1.2 Reviews of the maritime transport system 1.3 Maritime security and intelligence advice 1.4 Ministerial servicing
2. Effective and efficient regulatory services (as specified in legislation)	2. Maritime safety and marine protection services	2.1 Information and education 2.2 Entry controls 2.3 Monitoring and investigation of compliance 2.4 Enforcement of compliance 2.5 Distress and safety radio services 2.6 Aids to navigation
3. Effective and efficient maritime safety and environmental response services	3. Marine pollution response service	3.1 Marine pollution response capability
	4. Search and rescue coordination services	4.1 Coordination of search and rescue operations 4.2 Management of New Zealand's emergency distress beacon system
	5. Tauranga maritime incident response	5.1 Rena incident response

PART B

STRATEGIC INTENT

Our strategic direction

Maritime New Zealand's strategic direction and objectives have not changed substantially from the 2012–2015 Statement of Intent. However, our approach in a number of areas has been adjusted to take into account new influences on our operating environment.

Intermediate outcome 1: An effective regulatory framework for New Zealand's maritime sector

Regulation in the maritime sector

Maritime New Zealand plays an important role in making New Zealand a more internationally competitive and attractive place to live and do business. Continually improving the quality, relevance and timeliness of regulation in the maritime sector is a key priority for Maritime New Zealand. This requires a proactive, forward-looking approach to the development and introduction of international maritime regulation and an innovative and informed stance to domestic regulation. Key initiatives over the next three years will focus on strategic engagement on international matters and adoption of relevant maritime conventions, developing robust and evidence-based regulatory interventions and adopting an appropriate risk-based and intelligence-led compliance operating model that is clearly understood by everyone.

Reviewing the recreational boating safety strategy

The majority of vessel-related fatalities occur in the recreational boating sector. A comprehensive evaluation of the effectiveness and efficiency of the programmes under the strategy has not been undertaken since 2007; and data on trends in the number and diversity of recreational boats and their users has not been collected in recent years. Maritime New Zealand therefore expects to undertake a review to:

- identify key risk factors in pleasure boating
- develop an evidence base concerning the appropriateness of current and past interventions in reducing harm to participants in the recreational boating sector
- identify the elements of future interventions that could be utilised and the preferred methods of delivery
- identify any unintended outcomes, perverse incentives or barriers to improving safety in recreational boating.

Health and safety

The Government established the Independent Taskforce on Workplace Health and Safety in June 2012, to evaluate whether the workplace health and safety system in New Zealand was fit for purpose and to recommend strategies for reducing the high rate of workplace fatalities and serious injuries. The Taskforce reported to the Government in April 2013, making a series of recommendations concerning the need for reform within the health and safety regulatory system and concluding overall that "New Zealand's current health and safety system is not fit for purpose".

Maritime New Zealand is committed to working with other regulatory agencies to implement the Government's final decisions and support future developments in this area. In particular, Maritime New Zealand considers it is vital to have a sustainable level of base funding for health and safety activity.

Strategic objectives

Specific objectives for intermediate outcome 1 are outlined in the table below:

Objective		Actions	Timeframe
1.1 New Zealand engages effectively at IMO to achieve outcomes which deliver safe, secure, clean seas and efficient shipping	1.1.1	Strategy for New Zealand's engagement in International Maritime Organization is implemented with demonstrable progress in advancing the five strategic goals contained in the strategy	June 2016
1.2 A seafarers qualifications framework that is current, flexible and supports industry needs	1.2.1	Develop Seafarer Certification Framework with supporting infrastructure	Jan 2014
1.3 A relevant and effective national recreational boating strategy	1.3.1	Complete a review of the current recreational boating safety strategy	June 2014

Impact measures

The following impact measures are monitored to provide evidence that continual progress is being made towards the development of an effective maritime sector regulatory framework:

Desired impact	Impact measures
A regulatory framework that stakeholders understand and comply with	75 percent of maritime survey participants state by 2015 that they find the safety regulatory framework easy to understand
Contribution to and influence on international outcomes consistent with New Zealand's interests	At least 80 percent of New Zealand's participation objectives are met at international meetings attended

Intermediate outcome 2: Effective and efficient regulatory services

Maritime Operator Safety System (MOSS)

Maritime New Zealand has been working towards replacing the current regulatory framework for domestic commercial maritime operations with one that will enable Maritime New Zealand to work more directly with operators and vessel surveyors to achieve safety goals.

Accountability for the safety of maritime operations will be firmly placed with vessel operators. In addition, surveyors will be required to meet higher standards for recognition and provision of survey services. If the new system is approved by the Minister, the actions, relationships and processes of Maritime New Zealand's current safety management work would be revised to reflect this new regime.

Maritime New Zealand had been working towards an introduction date of 1 July 2013 for the new system; however, it became apparent that neither Maritime New Zealand nor a number of industry participants would be ready to implement or comply (in the industry's case) with the new system requirements by this timeframe. This has necessitated a change of approach by Maritime New Zealand, with implementation of the new system now planned to be undertaken in two distinct stages. The first stage will involve the completion of the Maritime Rules which support the new framework; these are to be implemented by 1 July 2013. The second delivery stage will provide an additional 12 months, to allow sufficient time for both Maritime New Zealand and industry participants to develop the required systems and support prior to implementation, from 1 July 2014.

Seafarer Certification (SeaCert)

Maritime New Zealand has completed a review of seafarer certification and operational limits. The outcome is the development of a new framework that will enable Maritime New Zealand to provide more efficient seafarer certification to the industry while better meeting the needs of a modern maritime sector.

The vision for the new Seafarer Certification Framework is a world-class seafarer certification system that is easy for customers to understand and for Maritime New Zealand staff to administer. The system is ultimately intended to make use of advances in technology to provide accurate online information and enable applications to be made online, allowing quick turnaround times and meeting the requirements of being easy to use, logical and relevant.

Key benefits to the sector provided through the new framework include:

- greater emphasis on competence and proven ability
- greater emphasis on practical and assessment components and recognition of quality of sea service
- reduced number of hours of sea service required for entry-level qualifications
- alignment with Australian and international standards to ensure portability of qualifications
- a clear career path for seafarers, starting with a basic qualification for a small inshore vessel right through to the qualification required to operate a large oceangoing international vessel.

Draft seafarer certification rules and an associated schedule of fees were issued for public consultation at the end of 2012. At the request of industry, Maritime New Zealand agreed to extend the period of consultation on the rules until the end of March 2013, and work towards introducing the new certification framework at the beginning of 2014. The extension of the implementation date coincides with relevant academic cycles that are important to industry training providers, and will provide both Maritime New Zealand and the industry with more time to prepare for the introduction of the new system.

Industry consultation and engagement

Maritime New Zealand is committed to consultation and engagement with the maritime industry, to ensure that regulatory frameworks are fit for purpose. In 2013/14 the Authority will continue its long-

standing programme of industry visits in metropolitan and regional centres. These visits provide an opportunity for the Authority to meet a broad range of industry participants as well as partners in maritime safety, including local government and community representatives, public agencies and voluntary groups.

Maritime New Zealand is a member of the New Zealand Maritime Forum, an organisation established to provide a mechanism through which the maritime industry can communicate in a constructive way and work towards the development of an increasingly efficient and effective maritime regulatory regime.

Maritime New Zealand is a member of the Oil Pollution Advisory Committee, which comprises representatives from regional councils, port companies, shipping, the fishing and oil industries and key government agencies. The key functions of the committee are to provide advice to Maritime New Zealand on all matters associated with the New Zealand Marine Oil Spill Response Strategy, oil levying of the maritime industry, and the use of the funds collected through the Oil Pollution Fund.

Communicating and implementing a revised recreational boating safety strategy

As outlined under intermediate outcome 1 above, a review of the recreational boating safety strategy will be undertaken to identify and address key risk factors in pleasure boating, analysing the latest evidence base. Maritime New Zealand will then work in concert with the National Pleasure Boat Safety Forum to communicate key messages and implement the revised strategy over 2014/15. This continuing approach of working towards shared outcomes with key influencers in the recreational boating community, such as regional councils, will be a critical element of delivering on the strategy.

Developing health and safety capability

Maritime New Zealand has responsibility under the Health and Safety in Employment Act for health and safety of crew on ships, as well as all people who are employed on ships or working on ships as places of work.

A gap analysis undertaken some time ago on implementing Health and Safety in Employment Act functions highlighted that Maritime New Zealand needed to enhance its health and safety in employment capability. A key recommendation was that Maritime New Zealand develops specific integrated health and safety in employment training for staff involved in workplace health and safety functions. A health and safety expert was recruited in 2011 to focus on the delivery of a tailor-made training programme for workplace health and safety competency. This programme has now been developed and is to be implemented in 2013/14.

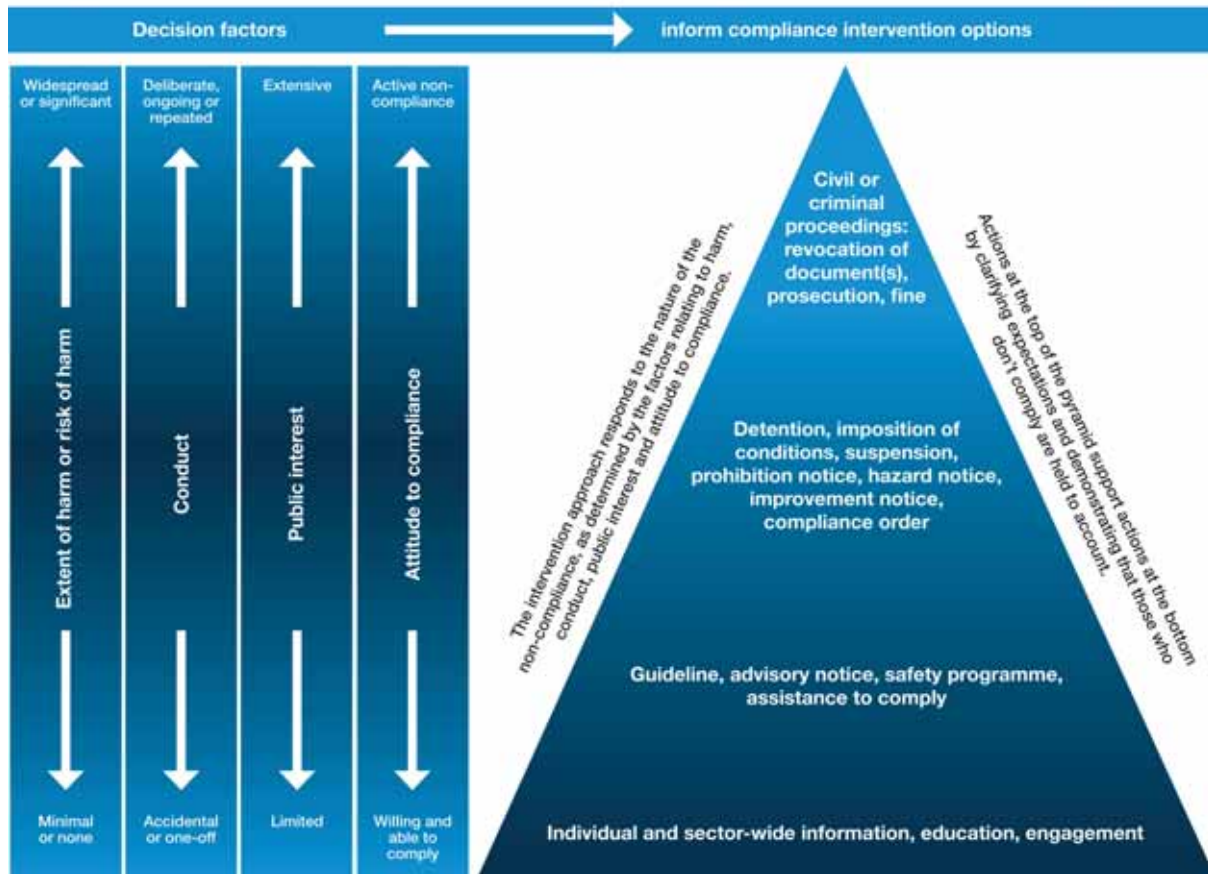
Using compliance interventions to achieve our outcomes

Maritime New Zealand's compliance activities are influenced by a desire to have a maximum impact on our outcomes – safety, security and environmental protection in the maritime sector. While responsible for enforcing a number of Acts (refer to Appendix 2 for details), Maritime New Zealand is more interested in achieving its outcomes than it is in prosecuting sector participants for every conceivable technical breach of the law. The main question Maritime New Zealand will always ask is: "Is this operator acting safely?", rather than whether they have breached some minor rule.

The right tools for the job

There is a range of compliance interventions available to Maritime New Zealand. Some are about assisting maritime sector participants to get things right, and others are about using enforcement where necessary. Maritime New Zealand will select the intervention that will have the most impact on achieving its outcomes, taking into account risk, attitude and capability, plus the likely consequences of an incident or harm occurring. This approach is encapsulated in Maritime New Zealand's Compliance Operating Model and the intervention decision guide on the following page.

Intervention Decision Guide



Some compliance agencies have seen the interventions available to them as forming a sequence or a hierarchy – starting with low level activity such as information and education and moving to notices for corrective action, and only after that moving to more severe interventions, such as detaining vessels or prohibiting operations or prosecution. Maritime New Zealand does not see things this way – it is more a matter of selecting the right tool for the right job. Sometimes more severe interventions will be justified as the first intervention Maritime New Zealand makes. In other words, there is no preference for using any particular intervention, as it depends entirely on the context.

Strategic objectives

Specific objectives for intermediate outcome 2 are outlined in the table below:

Objective		Actions	Timeframe
2.1 A clearly articulated operating model that incorporates a risk-based, intelligence-led approach to achieving its outcomes	2.1.1	Communicate and implement Maritime New Zealand's operating model internally and externally	June 2014
2.2 An operational framework that delivers an efficient and effective safety management system for the domestic commercial maritime sectors	2.2.1	Implement the Maritime Operator Safety System	July 2014
	2.2.2	Complete a post-implementation review of the Maritime Operator Safety System	Dec 2016
2.3 A seafarer qualifications framework that is current, flexible and supports industry needs	2.3.1	Implement the Seafarer Certification Framework (SeaCert)	Jan 2014
	2.3.2	Complete a post-implementation review of the Seafarer Certification Framework	Dec 2015
2.4 A relevant and effective national recreational boating strategy	2.4.1	Communicate and implement a revised recreational boating safety strategy	June 2015
2.5 Improve maritime industry health and safety capability	2.5.1	Develop and implement an integrated health and safety in employment training programme	June 2014

Impact measures

The following impact measures are monitored to provide evidence that continual progress is being made towards the development of an effective maritime sector regulatory framework.

Desired impact	Impact measures ³
Improve the safety and environmental performance of international vessels visiting New Zealand	A 15 percent reduction in the number of high-risk ships coming to New Zealand by 30 June 2016 A 10 percent reduction in the number of incidents that require follow-up inspections by 30 June 2016
Improve the safety and environmental performance of the New Zealand domestic fleet	A 20 percent reduction in the number of illegal operators by 30 June 2016 A 10 percent reduction in the number of high-risk domestic operators by 30 June 2016
Improved recreational boating safety	A 10 percent reduction in the number of target group fatalities by 30 June 2016 A 10 percent increase in the carriage and use of appropriate safety equipment (as evidenced by boat ramp surveys) by 30 June 2016

³ Baseline data for impact measures will be determined at the completion of the 2012/13 financial year.

Intermediate outcome 3: Effective and efficient maritime safety and environmental response services

Grounding of the *Rena*

The grounding of the *Rena* in October 2011 was a major maritime incident by any measure. An independent external review was completed in 2013 of the effectiveness of Maritime New Zealand's *Rena* response. Maritime New Zealand will ensure that the lessons learned and recommendations from this review are captured, considered and implemented into policies and procedures. Implementation of the agreed recommendations from the external review is expected to be completed by December 2015.

Maritime distress and safety communications forum

The maritime distress and safety communications system is made up of multiple contributors and stakeholders. The core services supplied by Maritime New Zealand are supplemented to a significant degree by other national, regional and local parties such as Coastguard, port and harbour authorities and private coastal radio stations. Collectively these parties deliver a comprehensive range of support services to New Zealanders, and visitors, in the maritime domain. Maritime New Zealand is seeking to work collaboratively with this broad range of service providers by establishing a forum to maximise the opportunities for joint initiatives, shared service provision and combined development and ensure that services are coordinated, efficient and effective.

Review of Rescue Coordination Centre

The Rescue Coordination Centre coordinates all major aviation, land, maritime and emergency beacon-related search and rescue operations within New Zealand's 30 million square kilometre search and rescue region. A value for money review of this service was undertaken by an independent consultant in 2012/13; the review concluded that the centre is delivering value for money and helping to drive improvements in the overall search and rescue system for New Zealand. Over the next few years the focus will be on implementing key recommendations from the review and ensuring that funding is at the right level and is sustainable.

Maritime radio distress network

Maritime New Zealand maintains a 24/7 maritime radio distress network, which covers a vast area around New Zealand, stretching down to Antarctica and across the Pacific. The services provided are often the main communication lifeline between vessels and land. In 2013 a new contract was signed to ensure the continued provision of services for the period from 2014 to 2025. The new contract is outcomes-focused and will see modernisation of key parts of the system. In the short term we will focus on transition activities to get the new contract in place before moving to consider options for improving the efficiency and effectiveness of the services. This will include looking at opportunities for collaboration with other parties to deliver improved services and to reduce or remove any duplication.

Earth-orbiting search and rescue satellites

There are more than 40,000 emergency distress beacons in use in New Zealand across the sea, air and land environments, both commercial and recreational. Distress beacons are a critical component of the search and rescue system and support fast, efficient and cost-effective rescue operations. They are instrumental in saving lives that would otherwise be lost.

The low earth-orbiting search and rescue satellites that provide support for emergency distress beacons are to be phased out and replaced between 2014 and 2017 by medium earth-orbiting satellites. While the new satellites will allow faster and more accurate responses, in order to communicate with them it will be necessary to install new ground-receiving stations. Without this new ground station the current capability will be largely lost, lives put at serious risk, legislation that mandates the use of beacons undermined and the huge investment by beacon owners and users put at risk.

In June 2011, Maritime New Zealand signed a memorandum of understanding with the Australian Maritime Safety Authority to work together on the development and implementation of a joint medium

earth satellite-receiving station. This will provide coverage for Australia and New Zealand's search and rescue areas (making up one-third of the Southern Hemisphere). A cooperative approach is expected to save both countries up to 30 percent of the cost of installing ground-receiving equipment. A comprehensive procurement process is underway that should lead to an in-service date for the new ground stations in 2016/17.

Pacific response services

New Zealand is part of a regional search and rescue organisation responsible for coordinating search and rescue operations within the New Zealand search and rescue region. This area covers more than 30 million square kilometres, one of the largest search and rescue regions in the world, and includes the Pacific island nations Tonga, Niue, Samoa, Tokelau, American Samoa and Cook Islands, and Norfolk Island.

The Ministry of Foreign Affairs and Trade's International Development Group has sought Maritime New Zealand's assistance in providing Rescue Coordination Centre, Marine Pollution Response Service and ship surveyor personnel for training and/or mentoring services to Pacific countries through the Pacific Maritime Safety Programme. It is possible that Maritime New Zealand could be called on to provide such assistance to Tonga and Vanuatu towards the end of 2013 and to the Cook Islands and Kiribati in 2014.

Offshore oil and gas exploration

The expansion of the offshore oil and gas industry over the next few years (exploration and, potentially, production) will impact Maritime New Zealand across its compliance, regulatory and response roles. The increased level of activity, the complex technical aspects of the activity and the challenging environment in which it will take place generate challenges in all the roles. Maritime New Zealand has already moved to strengthen international cooperation arrangements for response and to put in place comprehensive requirements around well control contingency planning. Over the next period work will continue to evaluate the risks arising from the increased activity, to revise and re-issue the national strategy and to develop the national contingency response capability and planning.

Strategic objectives

Specific objectives for intermediate outcome 3 are outlined in the table below:

Objective		Actions	Timeframe
3.1 Continue to enhance Maritime New Zealand's emergency response capability	3.1.1	Establish a Maritime Distress and Safety Communications Forum that engages the maritime community in distress and safety communications issues	Dec 2013
	3.1.2	Implement agreed recommendations arising from the external value for money review of the Rescue Coordination Centre New Zealand	June 2014
	3.1.3	Implement agreed contractual arrangements for the delivery of Maritime New Zealand maritime communications services in 2014–2025	June 2014
	3.1.4	Develop and implement a Medium Earth Orbit Search and Rescue project plan	
Stage 1 – Contract for service provision in place		June 2014	
Stage 2 – Service infrastructure implemented		Dec 2015	
		Stage 3 – Service commissioned	Jan 2016

Objective		Actions	Timeframe
3.1 (continued) Continue to enhance Maritime New Zealand's emergency response capability	3.1.5	Develop and implement a plan to respond to agreed recommendations of the independent review of Maritime New Zealand's response to the <i>Rena</i> incident Stage 1 – Complete overall project plan for implementation Stage 2 – Implementation of work strands in project plan	 Dec 2013 Dec 2015

Impact measures

The following impact measures are monitored to provide evidence that continual progress is being made towards the development of effective and efficient maritime safety and environmental response support services.

Desired impact	Impact measures
New Zealand's reputation for secure port facilities is maintained and enhanced	USA Coast Guard inspections demonstrate New Zealand's compliance with the International Ship and Port Facility Code
Search and rescue responses are reliable, effective and efficient	At least 80 percent of 406 MHz distress beacon alerts are from registered beacons by 2015
The marine oil pollution response capability meets New Zealand's requirements	A minimum of 400 appropriately trained and regionally based oil spill responders is available

Organisational capability

Maritime New Zealand will continue to strengthen its workplace capability and resilience, by working to ensure that:

- it has the right people in the right place at the right time
- its business processes achieve the optimum balance between effectiveness, efficiency and resilience
- its staff are challenged, supported and appropriately developed and are intelligence-led in their approach.

Internal capability

Structured and Integrated Learning initiative (SAIL)

Maritime New Zealand is currently developing a people capability strategy that aligns with its strategic direction and encompasses (among other things) the operationalising of key strategic projects.

To ensure that all staff are confident and capable of successfully delivering on their part in Maritime New Zealand's strategic and change initiatives in 2014, Maritime New Zealand will be implementing a structured and integrated learning programme to make certain that critical capability development needs are identified.

This will involve taking the critical learning aspects from each of the key change initiatives and strategic projects and weaving them into a cohesive training strategy. The intention is for staff to have a learning and development experience that is relevant to their needs, integrated across all the key things they need to know and suited to their learning preferences, and makes best use of their time.

While the structured and integrated learning programme will initially focus on supporting key strategic and change projects, it will also provide the infrastructure for Maritime New Zealand's longer-term people capability strategy.

Information management

Information management and system support is a key enabler for improving Maritime New Zealand's internal capability. An Information Systems Strategy has been developed to identify the information services, technology and information management requirements within Maritime New Zealand over the next three years. The strategy is shaped by the needs of the business and gives particular attention to improving the way Maritime New Zealand collects, collates and uses information to support an evidence-based, intelligence-led approach to decision making about what we do, how we do it and how we measure it; enabling process efficiency; and the successful implementation of the Maritime Operator Safety System and Seafarer Certification projects.

Shared services

As well as participating in the all-of-government shared services initiatives, Maritime New Zealand is collaborating with the five transport sector agencies to explore opportunities to deliver improved services for business support functions and expertise that are common to all. These include human resources, communications, ministerial servicing, risk and assurance, information services and finance. Work commenced in the 2012/13 financial year on sharing a common information technology infrastructure with the Civil Aviation Authority. It is anticipated that further opportunities will be identified and implemented during 2013/14.

Funding frameworks and business models

In March 2013 Cabinet approved the restructure of Maritime New Zealand's levies, fees and charges. The changes are intended to ensure funding is better aligned with the Government's cost recovery principles and more accurately reflect the services being provided. The new charges are to be phased in over a six-year period, commencing on 1 July 2013.

However, Maritime New Zealand's total funding will not increase as a result of this restructure, and will increase the organisation's reliance on third party fee revenue, rather than the Marine Safety Charge

levy. Future funding is likely to result in a less predictable and more unstable revenue stream than has been the case in the past and will require close monitoring to ensure that Maritime New Zealand's cost structures remain adequate and responsive to a potentially volatile revenue stream.

While the new funding framework provides a more relevant and appropriate funding framework than in the past, Maritime New Zealand will now be turning its attention to ensuring that organisational capabilities and capacity are aligned with the requirements of the new regulatory models being introduced, and with emerging new requirements around the maritime and oil and gas industries and maritime pollution in particular.

Information security and privacy

Recent events in the government sector have highlighted the need for robust information security and data privacy governance, processes and tools. Maritime New Zealand recognises this as a key organisational risk (refer to the risk management table on page 33). We will continue to take information security seriously, undertaking a number of initiatives during 2013/14 to ensure our systems and data remain secure through appropriate control, oversight and assurance. These initiatives include:

- carrying out risk assessments of public-facing systems
- ensuring all new information technology systems are reviewed from a security perspective before implementation
- ensuring all publicly facing systems are security tested by independent experts
- reviewing information technology security risks as an integral part of our wider risk management and governance processes
- ensuring there is executive-level responsibility for information security and privacy matters.

Maritime New Zealand will continue to work with other Crown transport agencies and the broader government sector to ensure a common approach is adopted wherever practical, and that information security is managed as effectively and efficiently as possible.

Health and safety

Maritime New Zealand's vision is to lead the maritime sector by example with an integrated health and safety culture. Through the development of an overarching internal health and safety strategy and oversight by a health and safety committee, Maritime New Zealand has successfully raised the profile of health and safety throughout the organisation, to the extent that Maritime New Zealand has been awarded secondary accreditation by the Accident Compensation Corporation.

Strategic objectives

As well as the three intermediate outcome objectives, Maritime New Zealand has additional capability objectives it is focused on delivering over the next three years. These objectives are outlined in the table below:

Objective		Actions	Timeframe
1.1 Have the right people in the right place at the right time, supported by appropriate strategies, policies, systems and processes	1.1.1	Provide a Structured and Integrated Learning initiative (SAIL) focused on supporting frontline staff in the effective implementation of strategic projects; Maritime Operator Safety System and Seafarer Certification Framework	June 2014
	1.1.2	Develop a people capability strategy	March 2015

Objective		Actions	Timeframe
1.2 Ensure information is being used effectively to support an evidence-based, intelligence-led approach to decision making	1.2.1	Identify key performance indicators (lead and lag), comparisons and benchmarks	June 2014
	1.2.2	Implement Maritime New Zealand's Information System Strategy	Oct 2015
1.3 Continue to identify further opportunities for sharing services with other government agencies	1.3.1	Identify and implement opportunities to embrace functional leadership initiatives across the government sector	June 2015
	1.3.2	Identify and implement opportunities for sharing transport sector services	June 2015
1.4 Ensure that Maritime New Zealand's funding and business operating models are sustainable and appropriately managed	1.4.1	Develop a medium-term (three- to five-year) finance strategy	March 2014
	1.4.2	Review maritime funding framework	June 2015
	1.4.3	Review Oil Pollution Levy	June 2015

Capability performance measures

The following key organisational performance measures are monitored by Maritime New Zealand:

Key objective	Performance measure
Employee engagement improves from June 2012 baseline of 16.5 percent compared to the June 2012 state sector employee engagement benchmark (median) of 21 percent	By 2014/15 Maritime New Zealand employee engagement exceeds the June 2015 median state sector employee engagement benchmark
Maritime New Zealand has 100 percent coverage of the required people capability to implement all critical elements of Maritime Operator Safety System project and Seafarer Certification Framework by 1 July 2014	Evaluations of Maritime New Zealand capability indicate 100% coverage of the skills, knowledge and attitudes required to successfully implement all critical elements of Maritime Operator Safety System project and Seafarer Certification Framework are in place by 1 July 2014
Maintain Accident Compensation Corporation workplace safety management practices, secondary accreditation	Secondary accreditation status maintained

Maritime New Zealand also monitors the following organisational health measures:

Performance measures	2011/12 Actual	2012/13 Estimate	2013/14 Target	2014/15 Target	2015/16 Target
Staff turnover	9.6%	8–10%	8–10%	7–9%	7–9%
Average sick day absences per employee	5.7 days	6.5 days	6 days	5.5 days	5.5 days
Proportion of injuries/accidents per 100 employees	17.9	16.6	<16	<15	<13
Percentage of total reported accidents and incidents that are near misses ⁴	33%	>50%	>50%	>50%	>50%

⁴ Maritime New Zealand's near-miss incident reporting is estimated to increase to an estimated 50 percent of the total accident and incident reporting for 2012/13. This percentage of accident to incident reporting is in line with industry best practice and Maritime New Zealand is seeking to maintain this level over the next three years.

Risk management

Maritime New Zealand operates a risk management framework that includes oversight by the Authority's Audit and Risk Management Committee. Maritime New Zealand has identified the following risks that will need to be managed over the short to medium term to ensure progress towards Maritime New Zealand's intermediate outcomes.

Area of risk	Consequences	Mitigation strategies
New Zealand's regulatory framework and environment does not keep pace with international and domestic best practice, including adventure and outdoor commercial activities	Loss of reputation in the international community and deteriorating safety and environmental standards within New Zealand's exclusive economic zone	<ul style="list-style-type: none"> • Adopt and implement an international engagement and participation strategy in consultation with the Ministry of Transport • Implement an annual plan, in consultation with the Ministry of Transport, for prioritising engagement in the work programme of the International Maritime Organization • Where it makes sense to do so, develop with the Australian Maritime Safety Authority a coordinated approach to engagement with the International Maritime Organization • Implement a redesigned rules process that delivers both effectiveness and agility
A systemic failure in the maritime safety, security and environmental protection regulatory system	<p>Poor safety outcomes for international and domestic commercial vessels</p> <p>Poor safety outcomes for recreational boating. Increased fatalities and incidents</p>	<ul style="list-style-type: none"> • Build on the International Maritime Organization engagement strategy and improve leadership, engagement and implementation relating to international safety, security and environmental protection frameworks in all areas inside Maritime New Zealand • Ensure that risks around the Safe Ship Management System are managed and successful implementation of the Maritime Operator Safety System and Seafarer Certification Projects • Engage effectively with key stakeholders, with a particular focus on the New Zealand maritime industry and regional councils • Review National Recreational Boating Safety Strategy to identify any areas in the current strategy that need to change • Develop and implement a Maritime New Zealand Compliance Operating Model
Inability to respond effectively to a major maritime incident	Leads to poor outcomes in relation to maritime safety and environmental protection	<ul style="list-style-type: none"> • Implement of recommendations from the Thompson Clarke Capability Review together with improvement plans arising out of recommendations from internal reviews and debriefs of the Rena and the independent review into Maritime New Zealand's response to the Rena grounding • Continue monitoring risks at an operational level (as detailed in Marine Pollution Response Service Business Plan) • Adopt a systematic approach to monitoring and evaluating Maritime New Zealand's operational response capabilities in Rescue Coordination Centre New Zealand and Marine Pollution Response Service

Area of risk	Consequences	Mitigation strategies
Uncertain and/or insufficient funding	<p>Maritime New Zealand is unable to deliver its core functions and activities, including implementing new strategic projects</p> <p>Unable to have the right number of the right people in the right place</p>	<ul style="list-style-type: none"> • Complete and implement outcomes of the Funding Review, Oil Pollution Levy review and Rescue Coordination Centre New Zealand's value for money review • Complete a funding review in the 2014/15 year building in the then known impacts of the Maritime Operator Safety System and Seafarer Certification implementation • Identify key organisational cost drivers and regularly review to ensure expenditure levels remain within acceptable tolerance levels • Ensure that all legally required revenue is collected • Maintain an ongoing focus on staffing and Maritime New Zealand outputs to permit reprioritisation of expenditure and identification of efficiency-related savings • Adopt a systematic 'programme management' approach to the approval and management of projects
Failure to have the right numbers of the right people	<p>Maritime New Zealand is unable to deliver its core functions and activities, including implementing new strategic projects</p>	<ul style="list-style-type: none"> • Establish the right organisational structure, competencies and processes to achieve outcomes • Implement personnel recruitment and development initiatives aligned with organisational development strategy • Develop with private sector human resource and other government agencies innovative approaches to recruitment and the sharing of critical expertise, in particular people with technical and maritime expertise • Work with industry to develop a longer-term personnel capability development strategy • Complete development and implementation of the Structured and Integrated Learning initiative (SAIL)
Failure to deliver value for money	<p>Maritime New Zealand needs to review and improve its operating model, including reprioritising core activities undertaken</p>	<ul style="list-style-type: none"> • Implement efficiencies in operational and business processes through improved use of information technology and management of information • Demonstrate value for money services through implementing a credible process redesign and improvement methodology (Vanguard) • Proactively engage in shared services opportunities (transport sector and whole of government) where cost savings/efficiencies can be achieved without unacceptably compromising service delivery • Implement improvement plans arising out of recommendations from the Rescue Coordination Centre New Zealand value for money review and the independent review into Maritime New Zealand's response to the <i>Rena</i> grounding
Personal client information security breach	<p>Risk to reputation and legal action</p>	<ul style="list-style-type: none"> • Conduct annual external security assessments and audits of information technology systems • Undertake a comprehensive review of information and communication technology security and privacy governance controls, oversight and assurance • Install systems that provide a framework and process for managing the security risk of any new information technology systems before they go live

PART C

STATEMENT OF RESPONSIBILITY

STATEMENT OF SERVICE PERFORMANCE

PROSPECTIVE FINANCIAL STATEMENTS

Statement of responsibility

The information contained in this Statement of Intent for Maritime New Zealand has been prepared in accordance with the Crown Entities Act 2004.

We acknowledge in signing this statement our responsibility for the prospective financial statements contained in this Statement of Intent.

The information contained in this Statement of Intent is consistent with existing appropriations, and with the appropriations set out in the Appropriation (2013/14 Estimates) Bill.



David Ledson
Chairman, Maritime New Zealand
Date: 26 June 2013



Peter Cowper
Authority Member, Maritime New Zealand
Date: 26 June 2013

Statement of service performance

Performance measurement framework

A set of performance measures has been developed to provide Maritime New Zealand and our stakeholders with a better understanding of how effectively the organisation is performing and whether it is achieving the desired impact. These measures are both externally and internally focused, and are reviewed annually.

External measures, for the purpose of accountability to Parliament, are set out in this Statement of Intent. Internal measures, contained in Maritime New Zealand's business plans, are used by management to manage day-to-day operations and report to the Authority. The performance measurement framework is fully integrated into Maritime New Zealand's quarterly and annual reporting to the Minister of Transport.

Maritime New Zealand has the following five output classes:

Output class 1: Influencing the policy environment for the maritime sector

Output class 2: Maritime safety and marine protection services

Output class 3: Marine pollution response service

Output class 4: Search and rescue coordination services

Output class 5: Response to the Tauranga maritime incident

The following pages provide information about the services and associated performance measures that Maritime New Zealand will be measured against during the 2012/13 financial year.

Output class 1: Influencing the policy environment for the maritime sector

This output class involves the provision of:

- policy advice to support decision making by Ministers on government policy matters relating to maritime safety and security and protection of the marine environment
- contribution to the negotiation of international agreements, treaties and conventions
- ministerial servicing.

This output class contains the following related outputs:

- 1.1: Development and provision of policy advice
- 1.2: Reviews of the maritime transport system
- 1.3: Maritime security and intelligence advice
- 1.4: Ministerial servicing.

Output 1.1: Development and provision of policy advice

Description

Development and provision of policy advice, including:

- provision of technical safety advice, directly and in association with, the Ministry of Transport, in relation to maritime sector policy and legislation
- contribution to the negotiation of international agreements, treaties and conventions
- engagement in relationships with other international maritime administrations
- contribution to the development of policy advice by departments and local government agencies
- development of rules and other legislative instruments under the Maritime Transport Act, as funded by the Ministry of Transport.
- advice on Pacific safety initiatives, as funded by the Ministry of Foreign Affairs and Trade.

Why this output is important

Sound, clear and concise policy advice is essential to enable the development of appropriate maritime sector legislation to support international agreements, treaties and conventions, and to promote cost-effective maritime initiatives that support Maritime New Zealand's key outcomes.

Output 1.1: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
All written policy reports/advice to Ministers meet Maritime New Zealand's quality criteria (content, form, and analysis)	100%	100%	100%	100%
All written policy reports/advice to Ministers are completed by the due date	100%	100%	100%	100%
Rules programme completed subject to variations agreed with the Ministry of Transport	100%	100%	100%	100%
Output 1.1 financial summary (\$000)				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	2,430	1,542	1,538	1,579
Crown agency funding	995	1,125	1,125	1,125
Marine Safety Charge	562	224	224	224
Other third party funding	36	129	121	113
Total revenue	4,023	3,020	3,008	3,041
Total expenditure	3,551	3,613	3,615	3,401
Surplus(deficit)	472	(593)	(607)	(360)

Output 1.2: Reviews of the maritime transport system

Description

Regular reviews of the maritime transport system to promote the improvement and development of its safety and security.

Why this output is important

Regular reviews of the frameworks that underpin the maritime transport system are vital to ensure that they remain relevant to the maritime industry, support international best practice and minimise the costs imposed on the maritime industry.

Output 1.2: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Seafarer Certification Framework implemented by January 2014	-	Achieved	-	-
Maritime Operator Safety System implemented by July 2014	-	Achieved	-	-
Post-implementation review of Seafarer Certification Framework	-	-	Achieved	-
Post-implementation review of Maritime Operator Safety System	-	-	Achieved	-
Output 1.2: financial summary (\$000)	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	0	1,000	1,000	1,000
Marine Safety Charge	0	2,298	0	0
Other third party funding	0	107	33	32
Total revenue	0	3,405	1,033	1,032
Total expenditure	2,772	3,005	984	966
Surplus(deficit)	(2,227)	400	49	66

Output 1.3: Maritime security and intelligence advice

Description

Key functions are:

- to ensure effective implementation of the International Code for the Security of Ships and of Port Facilities, in accordance with the Maritime Security Act
- to take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Security Act and of regulations and rules made under this Act, including carrying out inspections and audits
- to investigate and review maritime security breaches and incidents.

Why this output is important

It is important for New Zealand to comply with the International Ship and Port Facility Security Code. Failure to comply could result in New Zealand ports and ships being 'blacklisted', which would be likely to have negative consequences for New Zealand's international trade and economic well-being.

Output 1.3: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
All ships and ports subject to the Maritime Security Act that are not compliant are identified	New measure	100%	100%	100%
All potential threats to New Zealand port facilities are advised for appropriate action to be taken	New measure	100%	100%	100%
All port security breaches are investigated and reviewed for corrective action and learnings	New measure	100%	100%	100%
Output 1.3 Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	968	996	996	996
Other third party funding	-	28	30	28
Total revenue	968	1,024	1,026	1,024
Total expenditure	870	795	886	832
Surplus(deficit)	98	229	140	192

Output 1.4: Ministerial servicing

Description

Provision of services to Ministers to enable them to discharge their portfolio responsibilities, including drafting replies to ministerial correspondence, responding to Official Information Act requests and parliamentary questions, and providing support at Select Committees on non-legislative matters.

Why this output is important

Being able to respond promptly to requests for information from Ministers, select committees and Official Information Act requests is an important part of Maritime New Zealand's accountability to government and the New Zealand public in general.

Output 1.4: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Replies to ministerial correspondence and parliamentary questions meet agreed quality criteria ⁵	95%	95%	97%	97%
Ministerial correspondence and parliamentary questions provided within agreed timeframes	95%	100%	100%	100%
Output 1.4: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	80	81	81	81
Other third party funding	-	1	2	1
Total revenue	80	82	83	82
Total expenditure	117	40	40	40
Surplus(deficit)	(37)	42	43	42

Summary of output class 1: Influencing policy for the maritime sector

Total cost of Output class 1	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	3,478	3,619	3,615	3,656
Crown agency funding	995	1,125	1,125	1,125
Marine Safety Charge	562	2,522	224	224
Other third party funding	36	265	186	174
Total revenue	5,071	7,531	5,150	5,179
Total expenditure	7,311	7,454	5,526	5,239
Surplus(deficit)	(2,240)	77	(376)	(60)

⁵ The quality criteria for ministerial correspondence and parliamentary questions have yet to be agreed with the Ministry of Transport.

Output class 2: Maritime safety and marine protection services

This output class involves the development and delivery of regulatory services that are legislatively established as the responsibility of Maritime New Zealand; including by the Maritime Transport Act, Ship Registration Act, Maritime Security Act, Health and Safety in Employment Act, Land Transport Management Act, and the Hazardous Substances and New Organisms Act.

This output class contains the following related outputs:

- 2.1: Information and education
- 2.2: Entry controls
- 2.3: Monitoring and investigation of compliance
- 2.4: Enforcement of compliance
- 2.5: Distress and safety communication services
- 2.6: Aids to navigation.

In combination, these related outputs provide an integrated approach to achieving compliance with safety, security and marine protection requirements. Modern regulatory theory and practice reflect an understanding that the majority of participants in a regulated sector will do the right thing if they are well informed about and supported to meet their obligations; entry controls ensure that participants meet appropriate standards and have relevant knowledge and experience; monitoring, investigation and enforcement activities ensure that participants who are not inclined to meet their obligations will do so, and hold them to account, where necessary, if they do not. These activities also provide information that can be used to inform the ongoing development of the regulatory system. Aids to navigation support safety outcomes by signalling hazards, and distress and safety communication services provide a safety net for those who get into difficulty.

Output 2.1: Information and education

Description

This output involves the provision of information and education services to, and liaison with, the maritime community to promote maritime safety and security and protection of the marine environment. Key functions include:

- provision of recreational boating safety and awareness services
- information/education for domestic commercial sectors of the maritime community.

Why this output is important

Informing and educating users of our seas and waterways to encourage compliance with regulations and the adoption of safe practices is one way Maritime New Zealand implements its regulatory strategy. Well-informed participants in the maritime environment are more likely to be able to meet their obligations.

Maritime New Zealand has recently adopted an online first policy, with publications being printed by exception. Safety information on the Maritime New Zealand website, safety resource packs and an annual television advertising campaign are some of the preventative methods Maritime New Zealand uses with the recreational boating sector. Maritime New Zealand also has a number of publications available on order from our website, and issues safety updates and other material for both the recreational and commercial maritime community. A regular way of connecting with these audiences is through our corporate publication *Safe Seas Clean Seas/Lookout!* and the e-newsletter *SeaChange*.

Output 2.1: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Survey respondents who find the key publications <i>Lookout!</i> and <i>Safe Seas Clean Seas</i> useful	85%	85%	88%	90%
People who recall boating safety television advertising (as gauged by survey)	75%	75%	75%	75%
Output 2.1: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Fuel Excise Duty	930	1,600	1,600	1,600
Health and safety in employment funding	239	239	239	239
Marine Safety Charge	4,174	3,195	4,244	3,706
Other third party funding	27	187	198	188
Total revenue	5,370	5,221	6,281	5,733
Total expenditure	5,161	5,248	5,918	5,647
Surplus(deficit)	209	(27)	363	86

Output 2.2: Entry controls

Description

Exercise of entry controls (including continued eligibility) of operators, vessels, seafarers, products, services, ports, installations and facilities into the maritime transport system and/or the marine environment, under maritime and related legislation. Key functions include:

- registration of New Zealand-owned ships
- issuing maritime documents and certificates to New Zealand owners, operators and vessels
- vessel security and port security assessments
- certification of seafarers and training providers
- issuing marine protection documents
- issuing maritime documents to providers of products, services, facilities and equipment used in the maritime system
- issuing exemptions from the need to comply with maritime legislation, including rules.

Why this output is important

Entry controls ensure that people and vessels operating in New Zealand's maritime environment start with and maintain the right standards, knowledge and experience.

Output 2.2: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
All applications for the issue of a maritime or marine protection document, or other statutory certificate/permit, are processed in accordance with published service standards ⁶	New measure	100%	100%	100%
Output 2.2: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	40	40	40	40
Marine Safety Charge	2,771	2,121	1,171	1,366
Fees	1,414	2,372	3,736	3,804
Other third party funding	24	169	171	180
Total revenue	4,249	4,702	5,118	5,390
Total expenditure	5,553	4,749	5,118	5,390
Surplus(deficit)	(1,304)	(47)	0	0

⁶ This covers the following certificates and documents:

- Safe Ship Management Certificate
- Safe Operational Plan Certificate
- International Oil Pollution Prevention Certificate
- Civil Liability Certificate
- International Pollution Prevention Certificate for the Carriage of Noxious Liquid Substances in Bulk
- International Sewage Pollution Prevention Document of Compliance

The list is subject to amendment with the introduction of system reform in January 2014.

Output 2.3: Monitoring and investigation of compliance

Description

Monitoring and investigation of compliance with maritime legislation and other related legislation. Key functions include:

- first inspections of ships registered in other countries when they arrive in New Zealand for compliance with International Maritime Organization requirements (port state control inspections)
- annual inspection of New Zealand-registered ships that comply with the Convention for Safety of Life at Sea (flag state control inspections)
- inspection and oversight of domestic commercial vessels and their documents, to ensure compliance with legislation and survey vessel standards
- audit of New Zealand operators, vessels, facilities, products, services, documents and delegations, and requiring compliance with the documents and delegations
- investigations and responses to accidents and incidents, regulatory non-compliance, breaches of maritime security requirement, and complaints.

Why this output is important

Inspections, audits and investigations ensure participants continue to meet their obligations and provide information to support the ongoing improvement of the regulatory system.

Output 2.3: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
International vessels				
High- to very high-risk port state vessel inspections completed, based on Tokyo MOU targeting factor	80%	90%	90%	90%
Undertake focused inspection campaigns targeting areas of high risk	New measure	4	4	4
Domestic vessels				
Undertake intelligence-led operations targeting illegal operations	New measure	6	6	6
Conduct education programmes	New measure	4	4	4
Identify and target the top 10 active and deliberate non-compliant operators	New measure	Achieved	Achieved	Achieved
Recreational boating				
Undertake targeted safety campaigns	New measure	2	2	2
Output 2.3: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Fuel Excise Duty	0	366	366	366
Health and safety in employment funding	575	575	575	575
Marine Safety Charge	7,365	5637	7416	7,594
Fees	218	365	891	1,167
Other third party funding	37	256	321	335
Total revenue	8,194	7,199	9,569	10,037
Total expenditure	7,330	7,198	9,578	10,037
Surplus(deficit)	864	1	(9)	0

Output 2.4: Enforcement of compliance

Description

Enforcement of compliance with, and the exercise of exit controls under, maritime and related legislation. Key functions include:

- suspension of, or imposition of conditions on, maritime or marine protection documents
- detention of ships and seizure of products under the Maritime Transport Act
- follow-up, second and subsequent inspections to review non-conformity and corrective action notices, suspensions, conditions and detentions
- issuing infringement notices under the Maritime Transport Act
- issuing improvement notices and prohibition notices under the Health and Safety in Employment Act
- prosecution of offences under the Maritime Transport Act
- exit controls – removal of ships from the register, and revocation of maritime and marine protection documents.

Why this output is important

Enforcement activity holds participants to account when they have failed to meet their obligations and deters non-compliance by other participants.

Output 2.4: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Prosecutions brought under the Maritime Transport Act that are successful	New measure	75%	75%	75%
Prosecutions brought under the Health and Safety in Employment Act that are successful	New measure	75%	75%	75%
Output 2.4: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Fuel Excise Duty	0	36	36	36
Health and safety in employment funding	114	114	114	114
Marine Safety Charge	131	100	151	123
Fees	156	261	263	264
Other third party funding	3	19	19	18
Total revenue	403	530	583	555
Total expenditure	660	530	583	555
Surplus(deficit)	(257)	0	0	0

Output 2.5: Distress and safety communication services

Description

Provision of distress and safety radio services to the maritime community.

Why this output is important

Distress and safety radio services help prevent participants in the maritime sector from getting into difficulty, and provide a safety net for those who do.

Output 2.5: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Radio station availability	99.8%	99.8%	99.8%	99.8%
24-hour distress/safety radio service provided	100%	100%	100%	100%
Output 2.5: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	1,370	1,371	1,369	1,371
Fuel Excise Duty	0	81	290	81
Marine Safety Charge	2,689	2,058	2,212	2,406
Other third party funding	19	130	134	133
Total revenue	4,078	3,640	4,005	3,991
Total expenditure	3,487	3,640	4,006	3,991
Surplus(deficit)	591	0	(1)	0

Output 2.6: Aids to navigation

Description

Provision of aids to navigation to the maritime community. Key functions include:

- provision of navigational aids for shipping on New Zealand's coast and adjacent islands
- oversight of navigational aids owned by ports and other organisations.

Why this output is important

In a country with more than 15,000 kilometres of coastline, much of it rugged and remote, reliable maritime navigation aids are essential to safely guide vessels around New Zealand. Aids to navigation signal, and support the avoidance of, hazards to navigation.

Output 2.6: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Lighthouse availability	99.8%	99.8%	99.8%	99.8%
Day beacons/buoys availability	97%	97%	97%	97%
Output 2.6: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	695	526	532	489
Fuel Excise Duty	0	265	268	265
Other third party funding	4	29	27	26
Total revenue	699	820	827	780
Total expenditure	1,056	821	800	780
Surplus(deficit)	(357)	(1)	27	0

Summary of output class 2: Maritime safety and marine protection services

Total cost of Output class 2	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	2,105	1,937	1,941	1,900
Fuel excise duty	930	2,348	2,560	2,348
Health and safety in employment funding	928	928	928	928
Marine Safety Charge	17,130	13,111	15,194	15,195
Fees	1,787	2,998	4,890	5,235
Other third party funding	114	790	870	880
Total revenue	22,994	22,112	26,383	26,486
Total expenditure	23,248	22,184	26,003	26,400
Surplus(deficit)	(254)	(72)	380	86

Output class 3: Marine Pollution Response Service

Through this output class, Maritime New Zealand will deliver marine environment protection services that contribute directly to the Authority's vision of safe, secure and clean seas.

Output 3.1: Marine pollution response capability

Description

Ensuring New Zealand's preparedness for, and ability to respond to, marine oil spills.

Why this output is important

Response preparedness is vital in minimising the impact of oil pollution. The Marine Pollution Response Service is staffed by a dedicated team of trained oil spill response experts, who look after the stockpiles of specialist oil spill response equipment and provide oil spill exercises and training opportunities for more than 500 regionally based oil spill responders around New Zealand.

Output 3.1: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Number of reported oil spills	<110	<110	<110	<100
Percentage of regional councils who have trained responders at or above 80% of recommended number	>75%	>75%	>85%	88%
Percentage of regional (19) and national (1) stockpiles maintained and inspected in previous 12 months	100%	100%	100%	100%
Status of the Oil Spill Preparedness Index	Green	Green	Green	Green
Percentage of urgent spills notified immediately	100%	100%	100%	100%
Percentage of regional council plans that are current	85%	85%	100%	100%
Output 3.1: Financial summary				
	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Oil Pollution Levy	3,481	5,578	5,578	5,578
Other third party funding	78	86	86	86
Total revenue	3,559	5,664	5,664	5,664
Total expenditure	4,207	4,966	5,173	5,294
Surplus(deficit)	(648)	698	491	370

Summary of output class 3: Marine Pollution Response Service

Total cost of Output class 3	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Oil Pollution Levy	3,481	5,578	5,578	5,578
Other third party funding	78	86	86	86
Total revenue	3,559	5,664	5,664	5,664
Total expenditure	4,207	4,966	5,173	5,294
Surplus(deficit)	(648)	698	491	370

Output class 4: Search and rescue coordination services

Description

This output class involves the maintenance and operation of a search and rescue coordination centre to coordinate and conduct search and rescue operations in the sea, air and land environments within the internationally mandated New Zealand search and rescue region.⁷

Output 4.1: Coordination of search and rescue operations

Description

Coordinate and conduct sea, air and land search and rescue operations through a search and rescue coordination centre (Rescue Coordination Centre New Zealand) operated around the clock, including management of the emergency distress beacon system for New Zealand.

Why this output is important

A prompt and well-coordinated search and rescue response saves lives and provides an assurance to those who go to sea that if they get into trouble, help can be provided.

Output 4.1: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
A minimum of two fully trained search and rescue officers on duty at all times	100%	100%	100%	100%
Logged incidents resolved by communications action only	75%	75%	75%	80%
A 24-hour uninterrupted coordination service is provided	100%	100%	100%	100%
Output 4.1: Financial summary	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	3,315	3,316	3,316	3,316
Crown agency funding	-	-	-	-
Fuel Excise Duty	655	374	374	374
Other third party funding	141	100	100	100
Interest revenue	64	67	67	67
Total revenue	4,175	3,857	3,857	3,857
Total expenditure	3,798	3,956	3,976	3,973
Surplus(deficit)	377	(99)	(119)	(116)

⁷ As delegated by the Minister of Transport under section 431 (3) of the Maritime Transport Act 1994 in relation to section 14B (1) (a) of the Civil Aviation Act 1990.

Output 4.2: Management of New Zealand's emergency distress beacon system

Description

Operation and maintenance of the ground-based equipment that forms part of the international satellite system that detects, locates and alerts search and rescue authorities about emergency distress beacons, and the operation and maintenance of the emergency distress beacons database.⁸

Why this output is important

Maintenance of the beacon database is vital to ensure a prompt rescue response occurs. The Rescue Coordination Centre New Zealand monitors all emergency distress beacon activations within its search and rescue region.

Output 4.2: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Availability of ground-based satellite equipment	98%	98%	98%	99%
Beacons' data verified every two years (at 30 June)	65%	65%	65%	70%
Beacon registrations received by the Rescue Coordination Centre and processed into the database by next working day	98%	98%	98%	99%
Output 4.2: Financial summary	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown agency funding	615	614	614	614
Fuel Excise Duty	140	140	140	140
Interest revenue	9	9	9	9
Total revenue	763	763	763	763
Total expenditure	1,054	783	765	766
Surplus(deficit)	(291)	(20)	(2)	(3)

Summary of output class 4: Search and rescue coordination services

Total cost of Output Class 4	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	3,315	3,316	3,316	3,316
Crown agency funding	1270	988	988	988
Fuel Excise Duty	140	140	140	140
Other third party funding	141	100	100	100
Interest revenue	73	76	76	76
Total revenue	4,939	4,620	4,620	4,620
Total expenditure	4,853	4,739	4,741	4,739
Surplus(deficit)	86	(119)	(121)	(119)

⁸ Modern distress beacons (operating on the 406 MHz frequency) contain unique identification codes that allow users to register information against the beacon, such as names and contact details of the user, user activity, user vessel or vehicle details, emergency contacts and next of kin. For New Zealand-registered beacons, this information is maintained in a database operated and managed by Rescue Coordination Centre New Zealand. This ensures efficient and effective SAR operations, and saves costs by reducing the number of inappropriate responses to false alerts.

Output class 5: Tauranga maritime incident response

Through this output class, direction and oversight are provided for all Maritime New Zealand operations in Tauranga following the grounding of the container vessel **Rena**. This includes oil spill response, salvage and clean-up operations, management of communications with local and national stakeholders, investigations into why and how the grounding occurred, negotiations in relation to claims for compensation, and participation in any external inquiry into the grounding.

Output 5.1: *Rena* incident response

Description

To provide oversight and support for the Tauranga maritime incident response, salvage and environmental recovery activity, following the grounding of the **Rena**.

Why this output is important

The **Rena** grounding has been New Zealand's most significant maritime environmental incident. Ensuring an effective response to, and supporting effective recovery from, this incident is important for environmental, cultural and economic reasons. Learning from this response to inform improved responses to any other such incidents is also critical.⁹

Output 5.1: Performance measures	2012/13 Target	2013/14 Target	2014/15 Target	2015/16 Target
Maritime New Zealand provides effective oversight of ongoing Rena response activities by third party operators covering: wreck reduction and debris removal; container recovery; shoreline clean-up including any residual oil; ongoing claim reconciliation; and technical advice and support to the Bay of Plenty Regional Council regarding application of the Resource Management Act	New measure	Ongoing	Achieved	–
Output 5.1: Financial summary	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	1,749	1,717	0	0
Total revenue	1,749	1,717	0	0
Total expenditure	1,749	1,717	0	0
Surplus(deficit)	0	0	0	0

Summary of output class 5: Tauranga maritime incident response

Total cost of Output class 5	2012/13 Forecast (\$000)	2013/14 Budget (\$000)	2014/15 Forecast (\$000)	2015/16 Forecast (\$000)
Crown funding	1,749	1,717	0	0
Total revenue	1,749	1,717	0	0
Total expenditure	1,749	1,717	0	0
Surplus(deficit)	0	0	0	0

⁹ An independent review of Maritime New Zealand's operational response to the grounding of the **Rena** has been conducted, and an action plan has been drafted to address the findings. There is ongoing discussion regarding the extent of this work, the delivery timeframes and the associated costs and funding.

Prospective financial statements for Maritime New Zealand

Key issues and assumptions in preparing the financial statements

The following assumptions have been made in determining the Maritime New Zealand (including the Rescue Coordination Centre New Zealand) projected financial statements 2013–2016:

Maritime New Zealand (regulatory and compliance)

Revenue:

1. Maritime New Zealand completed a Funding Review in 2012/13 for implementation from 1 July 2013. This has set the funding envelope for Maritime New Zealand for the six years to 2018/19. Key outcomes of the Funding Review impacting on the prospective accounts are:
 - an additional \$1.4 million annual funding from the Fuel Excise Duty (levy) to remove cross-subsidisation of recreational boating by the Marine Safety Charge
 - a decrease in the Marine Safety Charge from reduced levy rates to reflect the reduction of cross-subsidisation of feeable activities. Marine Safety Charge rates continue to step down each year for a total of six years
 - fee revenue increases from \$90 to \$125 per hour in 2013/14, and again for each of the next six years, as part of the phased elimination of cross-subsidisation of feeable activities by the Marine Safety Charge, over the six-year period.
2. Additional fee revenue will be earned from implementation of the Seafarer Certification Framework from January 2014. A slow uptake of the new charging regime is projected.
3. Additional fee revenue will be earned from implementation of the Maritime Operator Safety System project, from 1 July 2014.
4. Increases in demand volume are projected in the international cruise and cargo-related shipping markets.

Expenditure:

1. Maritime New Zealand will continue to manage expenditure tightly during 2013/14 due to the risks from the uncertain quantum of its third party revenue (Marine Safety Charge and fees). It is assumed that Maritime New Zealand will operate within the funding envelope available to it and not incur operating deficits in future years.
2. Additional cost pressures will arise from 2013/14, due to the implementation of the Maritime Operator Safety System and Seafarer Certification projects and the technology required to support them. Operating expenditure budgets for strategic projects decrease from 2012/13 due to the completion of the Funding Review in 2012/13, but the remaining projects will require expenditure of \$1.4 million in the 2013/14 year. Upon implementation, project costs are projected to fall to zero.
3. Other expenditure assumptions:
 - A small reduction in personnel costs from 2012/13 represents a reduction in fixed-term and contract staffing. The reduction in cost is the beneficial result from moving to lower-cost permanent staff.
 - Recruitment of additional personnel to support the operational deployment of the Maritime Operator Safety System project will commence towards the end of the 2013/14 financial

year. This is in line with the Maritime New Zealand Future State reorganisation undertaken in 2012.

- No general inflation adjustment of operating expenditure has been made. Some allowance is included for increased staff costs due to recruitment and retention challenges and identified skills shortages in the maritime sector.
- Depreciation reflects a reduced business-as-usual capital programme in order to transfer funding and focus to developing the supporting technology for the Maritime Operator Safety System and Seafarer Certification strategic projects. This solution is reflected in capital expenditure in 2013/14 and depreciation from 2014/15.

Capital expenditure:

- Capital expenditure is projected to peak at \$4.3 million in 2013/14 due primarily to implementation of the infrastructure support for the new Maritime Operator Safety System and Seafarer Certification strategic projects, which are projected to cost \$3.2 million. Capital expenditure on these projects involves implementation of regulatory management software, and provision of a public-facing portal to enable seafarers and vessel owners to more easily interact with Maritime New Zealand.
- Allowance has been made in the 2013/14 capital budget for reconfiguration of existing office space to better fit the organisation's future team structures.
- The replacement system for the current Distress Radio System is budgeted to be capitalised in 2014/15, utilising a finance lease as a funding method.
- The pattern of expenditure on navigational aids reflects a five-year plan of replacement capacity and property maintenance for historic lighthouses.

Rescue Coordination Centre New Zealand

In prior years the Rescue Coordination Centre New Zealand budget has included an annual operating deficit, after the refund of variable search and rescue costs, in the order of \$200,000 annually. The deficit reflects the fact that the budget was established in 2003/04 and has not been increased since. The Rescue Coordination Centre New Zealand budget for 2013/14 reflects an objective to reduce the deficit by strict management of expenditure over the period.

Revenue:

1. In 2012/13, additional revenue was received due to receipt of two years' reimbursement of variable search and rescue costs. This was a one-off situation due to a delay in completing the reimbursement for the 2010/11 financial year. Only one year's reimbursement is expected to be received in 2013/14 (\$370,000).
2. In 2012/13 a value for money review recommended some financial structure issues be addressed, but no consequent funding review has been completed at this time.
3. No other material revenue changes are projected.

Expenditure:

1. Rescue Coordination Centre New Zealand projected expenditure has been reduced from 2013/14 onwards to reduce the annual deficit to a manageable level (approximately \$119,000 for 2013/14). Any capability or capacity risks associated with the reduction of the operating deficit have been assessed and deemed acceptable, given the various mitigations put in place.
2. Funding for increased operating expenditure for the implementation of a replacement Medium Earth Orbit satellite Search and Rescue system (MEOSAR) has been included in the 2016/17 financial year.

Capital expenditure:

- The capital expenditure table (page 61) includes expenditure in 2013/14 for possible relocation of the Rescue Coordination Centre (leasehold improvements) due to earthquake risk at the current Lower Hutt location.
- Initial Crown funding for the Medium Earth Orbit satellite Search and Rescue project has been approved by the Government, with the system to be fully implemented in 2016/17.

Statement of prospective comprehensive income for Maritime New Zealand

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13 \$000	Forecast 2012/13 \$000	Budget 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000
Revenue					
Crown	13,158	10,646	10,589	8,872	8,872
Funding from Crown agencies	1,942	2,265	2,113	2,113	2,113
Fuel Excise Duty	140	1,070	2,488	2,700	2,684
Health and Safety in Employment	426	928	928	928	928
Marine Safety Charge	17,144	17,130	15,633	15,418	15,250
Fees	1,475	1,175	2,998	4,890	5,235
Other third party	973	1,316	1,030	1,030	1,030
Interest revenue	202	223	202	202	202
Total revenue	35,460	34,753	35,981	36,153	36,314
Expenditure					
Personnel costs	20,379	19,747	18,487	19,279	19,273
Operating	14,881	14,373	14,621	13,021	13,180
Depreciation	1,853	1,715	1,694	2,675	2,632
Capital charge	1,293	1,323	1,293	1,293	1,293
Intergroup charges	-	-	-	-	-
Total expenditure	38,406	37,158	36,095	36,268	36,378
Surplus/(deficit)	(2,946)	(2,405)	(114)	(115)	(64)
Other comprehensive income					
Gains on sale of assets	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	(2,946)	(2,405)	(114)	(115)	(64)

Statement of prospective movements in equity for Maritime New Zealand

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13 \$000	Forecast 2012/13 \$000	Budget 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000
Balance at 1 July	14,721	14,105	11,700	12,686	15,571
Total comprehensive income	(2,946)	(2,405)	(114)	(115)	(64)
Capital contribution	-	-	1,100	3,000	3,000
Balance at 30 June	11,775	11,700	12,686	15,571	18,507

Statement of prospective financial position for Maritime New Zealand

As at 30 June for years 2013 to 2016

	Budget 2012/13 \$000	Forecast 2012/13 \$000	Budget 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000
Assets					
Current assets					
Cash, bank and investments	5,079	6,825	6,516	6,886	6,832
Prepayments	421	397	397	397	397
Inventory	264	250	250	250	250
Receivables and advances	2,328	2,888	2,988	2,328	2,328
Total current assets	8,092	10,360	10,151	9,861	9,807
Non-current assets					
Physical assets	4,199	4,245	5,823	11,731	14,177
Intangible assets	3,737	2,620	5,211	5,649	4,839
Total non-current assets	7,936	6,865	11,034	17,380	19,016
Total assets	16,028	17,226	21,185	27,241	28,823
Liabilities					
Current liabilities					
Payables and provisions	3,407	4,526	4,307	4,243	3,551
Provision for employee entitlements	846	880	859	859	859
Total current liabilities	4,253	5,406	5,166	5,102	4,410
Non-current liabilities	-	120	3,333	6,568	5,906
Total liabilities	4,253	5,526	8,499	11,670	10,316
Equity					
From Crown-funded activities	11,775	11,700	12,686	15,571	18,507
From third party-funded activities	-	-	-	-	-
Total equity	11,775	11,700	12,686	15,571	18,507
Total equity and liabilities	16,028	17,226	21,185	27,241	28,823

Statement of prospective cash flows for Maritime New Zealand

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Forecast 2014/15	Forecast 2015/16
	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities					
Crown	13,156	10,646	10,589	8,872	8,872
Funding from Crown agencies	1,942	2,265	2,113	2,113	2,113
Fuel Excise Duty	140	1,070	2,488	2,700	2,684
Health and Safety in Employment	428	928	928	928	928
Marine Safety Charge	17,144	17,130	15,633	15,418	15,250
Fees	1,475	1,175	2,998	4,890	5,235
Other third party	973	1,316	1,030	1,030	1,030
Interest revenue	202	223	202	202	202
Personnel	(20,379)	(19,747)	(18,487)	(19,279)	(19,273)
Payments to suppliers	(14,881)	(14,717)	(14,621)	(13,022)	(13,180)
Capital charge	(1,293)	(1,323)	(1,293)	(1,293)	(1,293)
Net cash flows from operating activities	(1,093)	(1,034)	1,580	2,559	2,568
Cash flows from investing activities					
Physical assets	(747)	(851)	(2,437)	(3,840)	(4,309)
Intangible assets	(1,275)	(376)	(552)	(952)	(632)
Net cash flows from investing activities	(2,022)	(1,227)	(2,989)	(4,792)	(4,941)
Cash flows from financing activities					
Finance lease	-	-	-	(397)	(681)
Capital contribution	-	-	1,100	3,000	3,000
Net cash flows from financing activities	-	-	1,100	2,603	2,319
Net increase / (decrease) in cash and cash equivalents	(3,115)	(2,261)	(309)	370	(54)
Opening cash balance at 1 July	8,194	9,086	6,825	6,516	6,886
Closing cash balance at 30 June	5,079	6,825	6,516	6,886	6,832

Prospective capital expenditure for Maritime New Zealand

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Forecast 2014/15	Forecast 2015/16
	\$000	\$000	\$000	\$000	\$000
Navigational aids	156	160	279	129	635
Satellite equipment	-	-	1,100	3,000	3,000
Motor vehicles	264	87	-	-	-
Plant and equipment	-	50	180	3,896	-
Furniture and fittings	24	17	24	24	24
Intangible assets (computer software)	1,275	376	3,425	375	325
Leasehold Improvements	-	145	-	-	-
Computer equipment	279	380	830	350	300
Office equipment	24	12	24	24	24
Total	2,022	1,227	5,862	7,798	4,308

Notes to the prospective financial statements for Maritime New Zealand

The prospective financial statements presented are those of Maritime New Zealand (the Authority). The Authority is a Crown entity established in August 1993 under the Maritime Transport Act 1994. The Authority is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The Authority has authorised the issue of the prospective financial statements. The prospective financial statements in this section of the Statement of Intent have been compiled on the following basis:

- the requirements of the Crown Entities Act 2004
- the measurement base applied is historical cost. The accrual basis of accounting has been used unless otherwise stated
- compliance with Financial Reporting Standard 42 – Prospective Financial Statements.

The information contained in these statements may not be appropriate for purposes other than those described, due to the uncertainty attached to these statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It should be noted that actual financial results achieved for the period covered may vary from the information presented in these prospective financial statements, and these variations may be material.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods.

Statement of significant accounting policies

Reporting entity

Maritime New Zealand is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, Maritime New Zealand's ultimate parent is the New Zealand Crown.

Maritime New Zealand's primary objective is to provide services to the New Zealand public as opposed to that of making a financial return. Accordingly, Maritime New Zealand has designated itself as a public benefit entity for the purposes of Financial Reporting Standards.

Basis of preparation

Statement of compliance

The prospective financial statements of Maritime New Zealand have been prepared in accordance with the requirements of the Crown Entities Act 2004, which include the requirement to comply with New Zealand's generally accepted accounting practice.

The prospective financial statements comply with Financial Reporting Standard 42 and other applicable financial reporting standards, as appropriate for public benefit entities.

Functional and presentation currency

These prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Maritime New Zealand is New Zealand dollars.

Measurement base

The prospective financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment. The accounting policies set out on the following pages have been applied consistently to all periods presented in these prospective financial statements.

Changes in accounting policies

No significant changes in accounting policies have occurred during the financial year.

Significant accounting policies

The principal accounting policies applied in preparing these prospective financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Maritime New Zealand receives funding from the Crown, and its use is restricted to the purpose of Maritime New Zealand meeting its objectives, as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Revenue derived from the provision of services to third parties is recognised in proportion to the stage of completion at balance date. The stage of completion is assessed by reference to surveys of work performed or for Marine Safety Charges based on information from New Zealand Customs about port visits.

Interest income is recognised using the effective interest method.

Revenue from the sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates. The capital charge has been calculated by applying the capital charge rate to the balance of total equity.

Leases

Leases that substantially transfer to Maritime New Zealand all the risks and rewards of ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the start of the lease term, Maritime New Zealand recognises finance leases as assets and liabilities at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the statement of prospective comprehensive income over the lease period, to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Maritime New Zealand will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Leases that do not transfer substantially all the risks and rewards of ownership of an asset to Maritime New Zealand are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of prospective comprehensive income.

Lease incentives received are recognised in the statement of prospective comprehensive income over the lease term as an integral part of the total lease expense.

Taxation

Maritime New Zealand is a public authority and consequently is exempt from the payment of income tax. Accordingly no charge for income tax has been provided for. Maritime New Zealand is not exempt from indirect tax legislation such as goods and services tax, pay-as-you-earn income tax or Accident Compensation Corporation levies, and is therefore required to comply with these regulations.

Goods and services tax

All items in the prospective financial statements are presented exclusive of goods and services tax, except accounts receivable and accounts payable, which are stated as goods and services tax

inclusive. Where goods and services tax is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of goods and services tax recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of prospective financial position.

The net goods and services tax paid to, or received from, the Inland Revenue, including the goods and services tax relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of goods and services tax.

Budget figures

The budget figures have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards, using accounting policies consistent with those adopted by Maritime New Zealand for the preparation of the prospective financial statements.

Cost allocation

Maritime New Zealand has determined the cost of outputs by using the cost allocation system outlined below.

Direct costs are those directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to sub-outputs by allocating costs based on the cost driver of direct time expended on delivering the sub-output. Costs allocated to sub-outputs are aggregated to form total output costs, which then roll up to total output class costs.

Cash and bank balances (cash and cash equivalents)

Cash and cash equivalents include cash on hand, deposits held on call with banks (both domestic and international), and other short-term, highly liquid investments, with original maturities of three months or less.

At each balance sheet date, Maritime New Zealand assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost, using the effective interest rate method.

For bank deposits, impairment is established when there is objective evidence that Maritime New Zealand will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Receivables and advances (debtors and other receivables)

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that Maritime New Zealand will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of prospective comprehensive income. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (determined on the weighted average cost method), or adjusted, when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. This valuation includes allowances for slow-moving and obsolete stock.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the statement of prospective comprehensive income in the period of the write-down.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of prospective comprehensive income.

Property, plant and equipment

Property, plant and equipment asset classes consist of:

- lighthouses
- navigational lights, buoys and day beacons
- plant and equipment
- motor vehicles
- furniture, fittings and office equipment
- computer equipment
- leasehold improvements
- land.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Revaluations

Land has been revalued to ensure that the carrying amount does not differ materially from fair value and is revalued at least every three years. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

Accounting for revaluations

Maritime New Zealand accounts for revaluations of property, plant and equipment on a class of assets basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of prospective comprehensive income. Any subsequent increase on revaluation that offsets a previous decrease in value, recognised in the statement of prospective comprehensive income, will be recognised first in the statement of prospective comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Maritime New Zealand and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of prospective comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Maritime New Zealand and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of prospective comprehensive income as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

Property plant and equipment type	Useful life (years)	Depreciation method
Lighthouses	10-40	straight-line
Navigational lights, buoys and day beacons	10-20	straight-line
Plant and equipment	5-10	straight-line
Motor vehicles	5	straight-line
Furniture, fittings and office equipment	5	straight-line
Computer equipment	3	straight-line
Leasehold improvements	2-9	straight-line

Leasehold improvements are depreciated over the unexpired period of the lease, or the estimated remaining useful lives of the improvements, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs directly associated with the development of software for internal use by Maritime New Zealand are recognised as an intangible asset. Direct costs include the software development, employee costs, and an appropriate portion of relevant overheads.

Other software-related costs are recognised as follows:

- staff training costs are recognised as an expense when incurred

- costs associated with maintaining computer software are recognised as an expense when incurred
- costs associated with the development and maintenance of Maritime New Zealand’s website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset ceases to be recognised. The amortisation charge for each period is recognised in the statement of prospective comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software type	Useful life (years)	Depreciation method
Acquired	3-5	straight-line
Developed	8	straight-line

Impairment of non-financial assets

Property, plant and equipment, and intangible assets that have a finite useful life are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value, less costs to sell, and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where Maritime New Zealand would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset’s carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of prospective comprehensive income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of prospective comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of prospective comprehensive income, a reversal of the impairment loss is also recognised in the statement of prospective comprehensive income.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of prospective comprehensive income.

Payables (creditors and other payables)

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provisions

Maritime New Zealand recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Short-term employee entitlements

These include salaries and wages accrued up to balance date; annual leave earned, but not yet taken at balance date, is measured at undiscounted nominal values, based on accrual entitlements at current rates of pay.

Employee entitlements that Maritime New Zealand expects to be settled within 12 months of balance date are measured at undiscounted nominal values, based on accrued entitlements at current rates of pay. Annual leave is calculated on an actual entitlement basis in accordance with the Holidays Act 2003.

Maritime New Zealand does not recognise a liability for sick leave, as staff have an unlimited entitlement.

Maritime New Zealand recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Obligations for contributions to KiwiSaver and Tower LifeSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

Obligations for contributions to the Government Superannuation Fund are accounted for as a defined benefit superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Restructuring

A provision for restructuring is recognised when Maritime New Zealand has approved a detailed formal plan for the restructuring that has either been announced publicly to those affected, or for which implementation has already commenced.

Critical accounting estimates and assumptions

In preparing these prospective financial statements, Maritime New Zealand has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Discussed below are estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual value of property, plant and equipment and intangible assets

At each balance date, Maritime New Zealand reviews the useful lives and residual values of its property, plant and equipment, and intangible assets. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and intangible assets requires Maritime New Zealand to consider a number of factors, such as the physical condition of the asset, expected period of use of the asset by Maritime New Zealand, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciation/amortisation expense recognised in the statement of prospective comprehensive income, and on the carrying amount of the asset in the statement of prospective financial position. Maritime New Zealand minimises the risk of this estimation uncertainty by:

- physical inspections of assets

- asset replacement programmes
- review of second-hand market prices for similar assets
- analysis of prior asset sales.

Maritime New Zealand has not made significant changes to past assumptions concerning residual values.

Critical judgements

The following critical judgements have been made in preparing these prospective financial statements:

- The Maritime Operator Safety System and Seafarer Certification projects will be implemented during 2013/14. Costs for completion of development and transition to the new structures have been included in the 2013/14 budget. New feeable charges for the Maritime Operator Safety System have not been included in the 2013/14 budget, as charges and processes are still subject to consultation at the time of preparing this Statement of Intent and implementation is scheduled for 1 July 2014.
- The *Rena* non-oil response (including salvage and wreck removal oversight), response inquiry, and Resource Management Act issues have been budgeted for in 2013/14. The Crown funding was approved by Cabinet in 2012/13.

Statement of cash flows

'Cash' means cash and cash equivalents on hand, held in bank accounts and demand deposits in which Maritime New Zealand invests as part of its day-to-day cash management.

Operating activities includes cash received from all income sources and record the cash payments made for the supply of goods and services, personnel expenses, interest and capital charge.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, intangible assets and investments.

Financing activities comprise the change in equity and debt capital structure of Maritime New Zealand.

Prospective financial statements for the New Zealand Oil Pollution Fund

The New Zealand Oil Pollution Fund is a fund established by the Maritime Transport Act 1994, and managed by Maritime New Zealand, to provide national response capability to maritime oil pollution incidents.

Key issues and assumptions in preparing the financial statements

The following assumptions have been made in determining the New Zealand Oil Pollution Fund projected financial statements for 2013 to 2016:

Revenue:

A revised Oil Pollution Levy regime will be implemented on 1 July 2013. This encompasses new levy rates based on the level of risk to the environment apportioned to each industry segment. Additional amounts have been included in the Oil Pollution Levy for the next three years to 2015/16 for capacity building (\$400,000 annually) and capital expenditure (\$600,000 annually) based on the Oil Pollution Preparedness and Response Capability Thompson Clarke Shipping report (2010).

Expenditure:

The proposed Marine Pollution Response Service budget for 2013/14 has been based on the same broad principles and assumptions as those articulated in the Review of the Oil Pollution Levy consultation document dated December 2012. These are:

1. The need to increase annual baseline funding to \$4.5 million for business-as-usual activity from the current \$3.07 million.
2. Baseline funding will remain constrained within the \$4.5 million amount for a three-year period, until the next levy rate reset occurs.
3. Additional capability expenditure as a result of a review conducted by the Marine Pollution Response Service is approximately \$400,000 annually over three years.
4. The need for additional capital to fund the recommendations from the Oil Pollution Preparedness and Response Capability report (Thompson Clarke Shipping), estimated at \$1.8 million over three years. This proposal has been made because of the depletion of the Oil Pollution Fund reserves as a consequence of the response to the *Rena* grounding.
5. It is expected that the Oil Pollution Fund will remain solvent until the implementation of the revised levy on 1 July 2013.

Capital expenditure:

Annual capital expenditure includes:

- \$400,000 business-as-usual expenditure, per the 10-year asset replacement plan.
- \$600,000 capability-building expenditure, to acquire the oil spill response assets set out in the Thompson Clarke report.

Statement of prospective comprehensive income for the New Zealand Oil Pollution Fund

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13 \$000	Forecast 2012/13 \$000	Budget 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000
Revenue					
Crown	2,014	-	-	-	-
Oil Pollution Levy	3,567	3,481	5,528	5,528	5,528
Other third party	60	38	60	60	60
Interest revenue	19	40	26	26	26
Total revenue	5,660	3,560	5,614	5,614	5,614
Expenditure					
Personnel costs	876	688	863	880	898
Operating	4,437	2,428	3,026	3,027	3,027
Depreciation	405	401	386	576	679
Intergroup charges	690	690	690	690	690
Total expenditure	6,408	4,207	4,966	5,173	5,294
Surplus/(deficit)	(748)	(647)	648	441	320
Other comprehensive income					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	(748)	(647)	648	441	320

Note: The surpluses generated from 2013/14 to 2015/16 financial years are to fund the capital purchases planned for that period.

Statement of prospective movements in equity for the New Zealand Oil Pollution Fund

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13 \$000	Forecast 2012/13 \$000	Budget 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000
Balance at 1 July	6,054	6,137	5,490	6,138	6,579
Total comprehensive income	(748)	(647)	648	441	320
Balance at 30 June	5,306	5,490	6,138	6,579	6,899

Statement of prospective financial position for the New Zealand Oil Pollution Fund

As at 30 June for periods 2013 to 30 June 2016

	Budget 2012/13 \$000	Forecast 2012/13 \$000	Budget 2013/14 \$000	Forecast 2014/15 \$000	Forecast 2015/16 \$000
Assets					
Current assets					
Cash, bank and investments	521	625	690	707	705
Inventory	1,528	1,501	1,501	1,501	1,501
Receivables and advances	47	500	625	625	625
Total current assets	2,096	2,626	2,816	2,833	2,831
Non-current assets					
Physical assets	3,835	3,386	4,059	4,541	4,919
Intangible assets	171	172	113	55	1
Total non-current assets	4,006	3,558	4,173	4,595	4,920
Total assets	6,102	6,183	6,989	7,429	7,751
Liabilities					
Current liabilities					
Payables and provisions	725	624	779	779	781
Provision for employee entitlements	71	71	71	71	71
Total current liabilities	796	695	850	850	852
Non-current liabilities	-	-	-	-	-
Total liabilities	796	695	850	850	852
Equity					
From OPL funded activities	5,306	5,490	6,138	6,579	6,899
Total equity	5,306	5,490	6,138	6,579	6,899
Total equity and liabilities	6,102	6,185	6,989	7,429	7,751

Statement of prospective cash flows for the New Zealand Oil Pollution Fund

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Forecast 2014/15	Forecast 2015/16
	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities					
Crown	2,014	-	-	-	-
Oil Pollution Levy	3,567	3,481	5,528	5,528	5,528
Other third party	60	38	60	60	60
Interest revenue	19	40	26	26	26
Personnel	(876)	(688)	(863)	(880)	(898)
Payments to suppliers	(5,127)	(4,814)	(3,685)	(3,717)	(3,718)
Net cash flows from operating activities	(343)	(1,942)	1,065	1,017	998
Cash flows from investing activities					
Physical assets	(650)	-	(1,000)	(1,000)	(1,000)
Intangible assets	-	-	-	-	-
Net cash flows from investing activities	(650)	-	(1,000)	(1,000)	(1,000)
Cash flows from financing activities					
Net cash flows from financing activities	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(993)	(1,942)	65	17	(2)
Opening cash balance at 1 July	1,514	2,567	625	690	707
Closing cash balance at 30 June	521	625	690	707	705

Prospective capital expenditure for the New Zealand Oil Pollution Fund

For the years ending 30 June 2013 to 30 June 2016

	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Forecast 2014/15	Forecast 2015/16
	\$000	\$000	\$000	\$000	\$000
Plant & equipment (BAU)	650	-	400	400	400
Plant & equipment (Capital procurement levy)	-	-	600	600	600
Total	650	-	1,000	1,000	1,000

Notes to the prospective financial statements for New Zealand Oil Pollution Fund

The prospective financial statements presented are those of the New Zealand Oil Pollution Fund (the Fund), which is established and administered by the Authority. The Fund has been established by Maritime New Zealand pursuant to section 330 of the Maritime Transport Act 1994. The Fund is domiciled in New Zealand and its ultimate parent is the New Zealand Crown. The Authority is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The Authority has authorised the issue of the prospective financial statements. The prospective financial statements in this section of the Statement of Intent have been compiled on the following basis:

- the requirements of the Crown Entities Act 2004
- the measurement base applied is historical cost. The accrual basis of accounting has been used unless otherwise stated
- compliance with Financial Reporting Standard 42 – Prospective Financial Statements.

The information contained in these statements may not be appropriate for purposes other than those described, due to the uncertainty attached to these statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It should be noted that actual financial results achieved for the period covered may vary from the information presented in these prospective financial statements, and these variations may be material.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods.

Statement of significant accounting policies

Reporting entity

The New Zealand Oil Pollution Fund has been established by Maritime New Zealand pursuant to section 330 of the Maritime Transport Act 1994. The Fund is domiciled in New Zealand and its ultimate parent is the New Zealand Crown.

The Fund's primary objective is to meet the ongoing costs of maintaining New Zealand's oil spill response capability, including contingency plans, equipment, and training and response costs (where they are unable to be recovered from the spiller). Levies imposed on shipping and oil sites are paid into the Fund to finance these costs.

Accordingly, the Authority has designated the Fund as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards.

While the financial statements of the Fund form part of the financial reports of the Authority, they are presented separately in order to clearly identify the income and expenditure associated with the Authority's oil pollution response activities.

Basis of preparation

Statement of compliance

The prospective financial statements of the Fund have been prepared in accordance with the requirements of the Crown Entities Act 2004, which include the requirement to comply with New Zealand's generally accepted accounting practice.

The prospective financial statements comply with Financial Reporting Standard 42 and other applicable financial reporting standards, as appropriate for public benefit entities.

Functional and presentation currency

These prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Fund is New Zealand dollars.

Measurement base

The prospective financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment. The accounting policies set out on the following pages have been applied consistently to all periods presented in these prospective financial statements.

Changes in accounting policies

No significant changes in accounting policies have occurred during the financial year.

Significant accounting policies

The principal accounting policies applied in preparing these prospective financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue derived from the provision of services to third parties is recognised in proportion to the stage of completion at balance date. The stage of completion is assessed by reference to surveys of work performed or for the Oil Pollution Levy based on information from New Zealand Customs about port visits.

Interest income is recognised using the effective interest method.

Leases

Leases that substantially transfer to the Fund all the risks and rewards of ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the start of the lease term, the Fund recognises finance leases as assets and liabilities at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the statement of prospective comprehensive income over the lease period, to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Fund will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Leases that do not transfer substantially all the risks and rewards of ownership of an asset to the Fund are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of prospective comprehensive income.

Lease incentives received are recognised in the statement of prospective comprehensive income over the lease term as an integral part of the total lease expense.

Taxation

The Fund is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for. The Fund is not exempt from indirect tax legislation such as goods and services tax, pay-as-you-earn income tax or Accident Compensation Corporation levies, and is therefore required to comply with these regulations.

Goods and services tax

All items in the prospective financial statements are presented exclusive of goods and services tax, except accounts receivable and accounts payable, which are stated as good and services tax-

inclusive. Where goods and services tax is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of goods and services tax recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of prospective financial position.

The net goods and services tax paid to, or received from, the Inland Revenue, including the goods and services tax relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of goods and services tax.

Budget figures

The budget figures have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards, using accounting policies that are consistent with those adopted by the Fund for the preparation of the prospective financial statements.

Cost allocation

The Fund has determined the cost of outputs by using the cost allocation system outlined below.

Direct costs are those directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to sub-outputs by allocating costs based on direct time expended on delivering the sub-output. Costs allocated to sub-outputs roll up to form total output costs, which then roll up to total output class costs.

Cash and bank balances (cash and cash equivalents)

Cash and cash equivalents include cash on hand, deposits held on call with banks (both domestic and international), and other short-term, highly liquid investments, with original maturities of three months or less.

At each balance sheet date, the Fund assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost, using the effective interest rate method.

For bank deposits, impairment is established when there is objective evidence that the Fund will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Receivables and advances (debtors and other receivables)

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Fund will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of prospective comprehensive income. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (determined on the weighted average cost method), or adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. This valuation includes allowances for slow moving and obsolete stock.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the statement of prospective comprehensive income in the period of the write-down.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of prospective comprehensive income.

Property, plant and equipment

Plant and equipment asset classes consist of:

- plant and equipment
- motor vehicles
- furniture, fittings and office equipment
- computer equipment
- leasehold improvements
- vessels.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Accounting for revaluations

The Fund accounts for revaluations of property, plant and equipment on a class of assets basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of prospective comprehensive income. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of prospective comprehensive income will be recognised first in the statement of prospective comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

The cost of an item of plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Fund and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of prospective comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves for those assets are transferred to general funds.

Subsequent costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Fund and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of prospective comprehensive income as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

Property plant and equipment type	Useful life (years)	Depreciation method
Plant and equipment	5-10	straight-line
Motor vehicles	5	straight-line
Furniture, fittings and office equipment	5	straight-line
Computer equipment	3	straight-line
Leasehold improvements	2-9	straight-line
Vessels	3-25	straight-line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs directly associated with the development of software for internal use by the Fund are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Other software-related costs are recognised as follows:

- staff training costs are recognised as an expense when incurred
- costs associated with maintaining computer software are recognised as an expense when incurred
- costs associated with the development and maintenance of the Fund's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is no longer recognised. The amortisation charge for each period is recognised in the statement of prospective comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software type	Useful life (years)	Depreciation method
Acquired	3-5	straight-line
Developed	8	straight-line

Impairment of non-financial assets

Property, plant and equipment, and intangible assets with a finite useful life, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset do not primarily depend on the asset's ability to generate net cash inflows and where the Fund would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. If that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of prospective comprehensive income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of prospective comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of prospective comprehensive income, a reversal of the impairment loss is also recognised in the statement of prospective comprehensive income.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of prospective comprehensive income.

Payables (creditors and other payables)

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provisions

The Fund recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Short-term employee entitlements

These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance date is measured at undiscounted nominal values, based on accrual entitlements at current rates of pay.

Employee entitlements that the Fund expects to be settled within 12 months of balance date are measured at undiscounted nominal values, based on accrued entitlements at current rates of pay. Annual leave is calculated on an actual entitlement basis in accordance with the Holidays Act 2003.

The Fund does not recognise a liability for sick leave, as staff have an unlimited entitlement.

The Fund recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Obligations for contributions to KiwiSaver and Tower LifeSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

Obligations for contributions to Government Superannuation Fund are accounted for as a defined benefit superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Restructuring

A provision for restructuring is recognised when the Fund has approved a detailed formal plan for the restructuring that has either been announced publicly to those affected or for which implementation has already commenced.

Critical accounting estimates and assumptions

In preparing these prospective financial statements, the Fund has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives and residual value of property, plant and equipment and intangible assets

At each balance date, the Fund reviews the useful lives and residual values of its property, plant and equipment, and intangible assets. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and intangible assets requires the Fund to consider a number of factors, such as the physical condition of the asset, expected period of use of the asset by the Fund, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation/amortisation expense recognised in the statement of prospective comprehensive income, and on the carrying amount of the asset in the statement of prospective financial position. The Fund minimises the risk of this estimation uncertainty by:

- physical inspections of assets
- asset replacement programmes
- review of second-hand market prices for similar assets
- analysis of prior asset sales.

The Fund has not made significant changes to past assumptions concerning residual values.

Critical judgements

The following critical judgements have been made in preparing these prospective financial statements:

No additional expenditure will be required on the **Rena** oil response from 2013/14.

Statement of cash flows

'Cash' means cash and cash equivalents on hand, held in bank accounts and demand deposits in which the Fund invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources and record the cash payments made for the supply of goods and services, personnel expenses, interest and capital charge.

Investing activities are activities relating to the acquisition and disposal of non-current assets, intangible assets and investments.

Financing activities comprise the change in equity and debt capital structure of the Fund.

PART D

APPENDICES

Appendix 1: Additional financial information

Consolidated statement of prospective comprehensive income for Maritime New Zealand (Regulatory) and the Rescue Coordination Centre of New Zealand

For the years ending 30 June 2013 to 2016

	Maritime New Zealand					Rescue Coordination Centre					Consolidated Maritime New Zealand				
	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2012/13	Forecast 2012/13	Budget 2013/14	Forecast 2014/15	Forecast 2015/16
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue															
Crown	9,842	7,331	7,273	5,556	5,556	3,316	3,315	3,316	3,316	3,316	13,158	10,646	10,589	8,872	8,872
Funding from Crown agencies	954	995	1,125	1,125	1,125	988	1,270	988	988	988	1,942	2,265	2,113	2,113	2,113
Fuel Excise Duty	-	930	2,348	2,560	2,544	140	140	140	140	140	140	1,070	2,488	2,700	2,684
Health and Safety in Employment	426	928	928	928	928	-	-	-	-	-	426	928	928	928	928
Marine Safety Charge	17,144	17,130	15,633	15,418	15,250	-	-	-	-	-	17,144	17,130	15,633	15,418	15,250
Fees	1,475	1,175	2,998	4,890	5,235	-	-	-	-	-	1,475	1,175	2,998	4,890	5,235
Other third party	830	1,175	930	930	930	143	141	100	100	100	973	1,316	1,030	1,030	1,030
Interest revenue	126	150	126	126	126	76	73	76	76	76	202	223	202	202	202
Total revenue	30,797	29,814	31,361	31,533	31,694	4,663	4,939	4,620	4,620	4,620	35,460	34,753	35,981	36,153	36,314
Expenditure															
Personnel costs	18,197	17,657	16,300	17,050	17,000	2,182	2,090	2,187	2,229	2,273	20,379	19,747	18,487	19,279	19,273
Operating	12,951	12,553	12,916	11,367	11,566	1,930	1,820	1,705	1,654	1,614	14,881	14,373	14,621	13,021	13,180
Depreciation	1,663	1,548	1,622	2,593	2,555	190	167	72	82	77	1,853	1,715	1,694	2,675	2,632
Capital charge	1,068	1,098	1,068	1,068	1,068	225	225	225	225	225	1,293	1,323	1,293	1,293	1,293
Intergroup charges	(550)	(550)	(550)	(550)	(550)	550	550	550	550	550	-	-	-	-	-
Total expenditure	33,329	32,306	31,356	31,528	31,639	5,077	4,852	4,739	4,740	4,739	38,406	37,158	36,095	36,268	36,378
Surplus/(deficit)	(2,532)	(2,492)	5	5	55	(414)	87	(119)	(120)	(119)	(2,946)	(2,405)	(114)	(115)	(64)
Other comprehensive income															
Gains on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(2,532)	(2,492)	5	5	55	(414)	87	(119)	(120)	(119)	(2,946)	(2,405)	(114)	(115)	(64)

Appendix 2: Maritime New Zealand's statutory framework

Statutory roles and responsibilities

Maritime New Zealand is a Crown entity comprising a five-member board known as the Authority (see sections 429 and 429A of the Maritime Transport Act), appointed under the Crown Entities Act 2004.

Maritime New Zealand's primary functions and duties are laid out in the Maritime Transport Act 1994, which sets out the objective of the Authority (Section 430) as follows:

To undertake its safety, security, marine protection and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system.

Maritime New Zealand has additional obligations and functions under the following legislation:

- **Maritime Security Act 2004:** Maritime New Zealand has been designated as the agency responsible for administering this Act for the effective implementation of the International Code for the Security of Ships and of Port Facilities.
- **Section 14C of the Civil Aviation Act 1990:** Maritime New Zealand is responsible for coordinating Category II search and rescue operations, and for operating and maintaining the Rescue Coordination Centre New Zealand.
- **Health and Safety in Employment Act 1992:** Maritime New Zealand has been designated as the responsible agency to administer this Act for work on board ships and for ships as places of work.
- **Ship Registration Act 1992:** Maritime New Zealand is required to maintain the New Zealand Register of Ships.

Primary statutory functions

Under the Maritime Transport Act 1994, Maritime New Zealand has the following functions:

- promote maritime safety and security, and protection of the marine environment in and beyond New Zealand, in accordance with New Zealand's international obligations
- ensure the provision of appropriate distress and safety radio communication systems and navigational aids for shipping
- ensure New Zealand's preparedness for, and ability to respond to, marine oil pollution spills
- license ships, their operation and their crews
- cooperate with, or provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister
- provide information and advice on maritime transport and marine protection, and to foster appropriate information and education programmes on maritime transport and marine protection
- investigate and review maritime transport accidents and incidents, and maritime security breaches and incidents
- maintain the New Zealand Register of Ships
- maintain and preserve records and documents relating to the Authority's functions
- advise the Minister on technical maritime safety policy.

Other functions

Maritime New Zealand is also required to:

- administer the Health and Safety in Employment Act 1992 for work on board ships and for ships as places of work
- administer the international obligations of the Crown under the treaties, memoranda and other international maritime and marine environment protection agreements, as agreed with the Minister of Transport
- develop and maintain maritime safety and marine protection rules
- ensure effective implementation of the International Code for the Security of Ships and of Port Facilities, in accordance with the Maritime Security Act
- maintain and operate the Rescue Coordination Centre New Zealand, and participate in the coordination of any search and rescue operation, as required under the Civil Aviation Act
- ensure New Zealand's Long Range Identification and Tracking of Ships system obligations are maintained.

Functions of the Director

The Authority appoints the Chief Executive, who also fulfils the statutory office of Director of Maritime New Zealand.

Under the Maritime Transport Act 1994, the Director has the following responsibilities:

- exercise control over entry into the maritime transport system through the granting of maritime documents and marine protection documents. A maritime document is any licence, permit, certificate or other document issued by the Director of Maritime New Zealand under section 41 of the Maritime Transport Act 1994, including certificates of competency, safe ship management, surveyor recognition and safe crewing documents
- take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Transport Act 1994 and other Acts (such as the Maritime Security Act 2004, Hazardous Substances and New Organisms Act 1996 and the Health and Safety in Employment Act 1992), and of regulations and rules made under these Acts, including carrying out or requiring inspections and audits
- monitor adherence within the maritime transport system to any regulatory requirements relating to safety and security, access and mobility, public health and environmental sustainability
- ensure regular reviews of the maritime transport system and promote the improvement and development of its safety and security
- promote compliance with safety and marine pollution standards in the maritime transport system.

The Director has statutory independence from the Authority and the Minister when performing the following functions in a particular case:

- granting, suspending or revoking maritime documents or marine protection documents
- granting exemptions from maritime rules or marine protection rules
- enforcing the provisions of the Maritime Transport Act 1994 and other Acts.

Description	Type
Charter - fishing	PS
Charter - hire & drive	PS
Charter - other	PS
Charter - yacht	PS
Ferry - passenger	PS
Ferry - passenger/freight	PS
Ferry - passenger/vehicular	PS
Personal water craft	PS
Scheduled tourism activity	PS
Training - Sail	PS
Trawler	PS
Waka	PS
Trawler	FS
Purse seiner	FS
Cray/rock	FS
Lobster	FS
Fishing - line	FS
Fishing - dredger	FS
Fishing - other	FS
Trolling	FS
Danish seining	FS
Mussel	AQ
Fin fish	AQ
Oyster	AQ
Paua	AQ
Other	AQ
Work boat - transport	WB
Work boat - place of work	
Work boat - other	

PS	Passenger ship
FS	Fishing ship
AQ	Aquaculture
WB	Work Boat

Expenses	Professionals		Litigation		Operating		Travel		Comms & Administration		Depreciation		Fixed contracts		Whole of Government		Capital charge		Rental and occupancy		Total
	Personnel	Services	expenses	expenses	Operating	Travel	Education	Administration	Depreciation	contracts	Government	charge	occupancy	Travel (IMO)	Interest	Crown	Dumping permit	Harbour master Duties	Total		
MSAD	475	324			1	57	15	3													875
CSLG	513	219	431		1	6	1	40													1211
MSHR	959	399			1	9	29	90													1487
DDSR	842	5			2	8	1														858
SRNA	1	13			139	54		27	99	359											692
SRDC	10	10			353			1	341	2727											3431
GMMC	1850																				1851
MOAT	1	28			4	54		3													90
AIHO	22	73			20	113		12	17												257
SRMS	3	4			4	82	3	1	3		11										107
GMMS	584	51			4	22	2	2													663
MOSM	7				3	58	2	2	13												85
MONI	32				39	90	7	7	44												212
MOSI	17				46	75		20	44												182
MOSL	1	85			1	22															129
CARC	8				15	32	120	3	13												191
GMMO	2118	69			3	42	5	2	2												2241
GMSC	2168	1			1	9	2	1													2181
GSEA	1	7			2	16	6	6	572												32
GRSP	3	287			46	24	17	10	432												387
GRIS					1			1													173
CAGN	44	40			33	5	795	2													919
CSGM	1633	41				12	5	1													1692
CSCA	11	28			229	52	254	280												943	1797
CSIT	21	41			562	5	5	5	572												1206
CSFS					39	1	432														1127
	11314	1720	431		1549	848	998	922	1428	3086	11	655	943	171	0	0	0	0	0	0	24076
SRNA	5	2																			7
GMMC																					33
MOAT					45																45
AIHO						7															7
SRMS		5																			5
MOSM							13	6													13
MONI					22	9	1	1	28	1											58
MOSI					7				1												8
MOSL																					334
GMMO		13	88		4		1	1	3	2											111
GSEA		3																			228
GRSP																					637
GRIS																					3
CAGN	50																				50
CSGM	42	85																			724
CSFS																					22074
	97	123	121		78	7	18	6	32	3	327	857	709	15973	285	5689	5	7	24337		



Disclaimer: While all care and diligence has been used in extracting, analysing and compiling this information, Maritime New Zealand gives no warranty that the information provided is without error.

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